

TERMS AND CONDITIONS OF THE BONDS

The following, subject to completion and amendment, and save for the paragraphs in italics, is the text of the Terms and Conditions of the Bonds which will be incorporated by reference into the Global Bond and endorsed on the Bonds in definitive form (if issued).

The issue of the EUR 220,000,000 1.0 per cent. Convertible Bonds due 2014 (the “**Bonds**”, which expression shall, unless otherwise indicated, include any further bonds issued pursuant to Condition 18 and consolidated and forming a single series with the Bonds) was (save in respect of any such further bonds) authorised by a resolution of the Board of Directors of Risanamento S.p.A. (the “**Issuer**”) passed on 21 February 2007. The Bonds are constituted by a trust deed dated 10 May 2007 (the “**Trust Deed**”) between the Issuer and BNY Corporate Trustee Services 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 forms of the Bonds (in both global and definitive form) and the interest coupons appertaining to the Bonds (the “**Coupons**”). The Bondholders and Couponholders (each 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 are deemed to have notice of those provisions applicable to them of the Paying and Conversion Agency Agreement dated 10 May 2007 (the “**Agency Agreement**”) relating to the Bonds between the Issuer, the Trustee and the Bank of New York, London Branch (the “**Principal Paying and Conversion Agent**”, which expression shall include any successor as principal paying and conversion agent under the Agency Agreement) and the paying and conversion agents for the time being (such persons, together with the Principal Paying and Conversion Agent, being referred to as the “**Paying and Conversion Agents**”, which expression shall include their successors as paying and conversion agents under the Agency Agreement). Copies of each of the Trust Deed and the Agency Agreement are available for inspection at the registered office for the time being of the Trustee (being at the date of issue of the Bonds at One Canada Square, London E14 5AL) and at the specified offices for the time being of the Paying and Conversion Agents.

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

1. Form, Denomination and Title

(a) *Form*

The Bonds are in bearer form, serially numbered, in the denomination of EUR 100,000 each with Coupons attached.

Each Bond will, subject as set out in these Conditions, entitle the holder to convert such Bond into ordinary shares of par value EUR 1.03 each in the ordinary share capital of the Issuer (“**Ordinary Shares**”), which are listed on the Mercato Telematico Azionario, a market organised and managed by Borsa Italiana S.p.A. (“**MTA**”), in accordance with and as described in Condition 6.

(b) *Title*

Title to the Bonds and the Coupons will pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the Trustee and the Paying and Conversion Agents shall be entitled to deem and treat the bearer of any Bond or Coupon as the absolute owner thereof (whether or not such Bond or Coupon shall be overdue and notwithstanding any notice to the contrary or any notation of ownership or writing thereon or notice of any previous loss or theft thereof) for the purpose of making payment thereon and for all other purposes and no person shall be liable for so treating the holder.

*The Bonds will initially be represented by a single Temporary Global Bond, without Coupons or Conversion Rights (as defined in Condition 6(a)), which is expected to be deposited on or about 10 May 2007 with, or on behalf of, a common depositary for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”). Interests in the Temporary Global Bond will be exchangeable for interests in the Permanent Global Bond on or after a date which is expected to be 20 June 2007, upon certification that the beneficial owners are not U.S. persons or persons who have acquired interests in such Bonds for resale to any U.S. person. Unless upon due presentation of the*

Temporary Global Bond for exchange, delivery of interests in the Permanent Global Bond is improperly refused, a beneficial owner must exchange its interest in the Temporary Global Bond before payments of principal and interest on the Bonds can be collected and before the Conversion Right can be exercised. Beneficial interests in the Global Bonds will be shown on, and transfers thereof will be effected only through, records maintained in a book-entry form by Euroclear and Clearstream, Luxembourg in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in the Global Bonds will be limited to persons who maintain accounts with Euroclear and Clearstream, Luxembourg or persons who hold interests through such persons.

Interests in the Permanent Global Bond will be exchangeable in whole but not in part (free of charge to the holder) for individual definitive Bonds (which will be in bearer form), with Coupons attached, in certain limited circumstances only as described in the Permanent Global Bond and under “Summary of Provisions Relating to the Bonds while in Global Form”.

Bonds and Coupons will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the United States Internal Revenue Code.”

2. Status of the Bonds

The Bonds and Coupons constitute direct, unconditional, unsubordinated and (subject to Condition 3) unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves, and (subject as aforesaid and save for certain obligations required to be preferred by law) with all other existing and future unsecured and unsubordinated obligations of the Issuer.

3. Negative Pledge

So long as any of the Bonds or Coupons remain outstanding (as defined in the Trust Deed), the Issuer will not, and will procure that none of its Subsidiaries will, create or permit to subsist any mortgage, charge, lien (other than a lien arising by operation of law), pledge or other form of encumbrance or security interest (each, a “**Security Interest**”) upon, or with respect to, the whole or any part of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (other than any Security Interest (or any Security Interest created in substitution for such Security Interest (or any previous such substitute) provided that the amount secured by such Security Interest is not thereby increased) over assets of a company which becomes a Subsidiary after the Closing Date, but only if (i) the Security Interest (1) was in existence prior to the date of the company concerned becoming a Subsidiary and (2) was not created in contemplation of such company becoming a Subsidiary and (ii) the amount secured by the Security Interest as at the date the company became a Subsidiary is not subsequently increased) unless the Issuer shall, prior thereto or at the same time, take any and all action necessary to ensure that:

- (a) all amounts payable by the Issuer under the Bonds, the Coupons and the Trust Deed are secured equally and rateably with such Relevant 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 in favour of the Bondholders and Couponholders in respect of all amounts payable by the Issuer under the Bonds, the Coupons and the Trust Deed either (i) as the Trustee shall, in its absolute discretion, deem not materially less beneficial to the interests of the Bondholders or (ii) as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

4. Definitions

In these Conditions:

“**Accreted Principal Amount**” has the meaning provided in Condition 7.

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

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

“**Aggregate Value**” means, for the purpose of Condition 7(b), the total number of Ordinary Shares to which a Bondholder would be entitled upon exercise of the Conversion Right attaching to any Bond on each relevant dealing day multiplied by the Volume Weighted Average Price on each such dealing day.

“**associate of the offeror**” means:

- (a) a nominee of the offeror; or
- (b) a holding company, subsidiary or fellow subsidiary of the offeror or a nominee of such a holding company, subsidiary or fellow subsidiary; or
- (c) a body corporate in which the offeror is substantially interested; or
- (d) any person who is, or is a nominee of, a party to an agreement with the offeror for the acquisition of, or of an interest in, the shares which are the subject of the takeover offer.

“**Bondholder**” and “**holder**” mean the holder of any Bond.

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

“**Closing Date**” means 10 May 2007.

“**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).

“**Couponholder**” means the holder of any Coupon.

“**Current Market Price**” has the meaning provided in Condition 6(b).

“**dealing day**” has the meaning provided in Condition 6(b).

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

“**Dividend**” has the meaning provided in Condition 6(b)(iii).

“**employees’ share scheme**” means a scheme for encouraging or facilitating the holding of shares or debentures in a company by or for the benefit of:

- (a) the bona fide employees, former employees, directors or former directors of the company, the company’s subsidiary or holding company or a subsidiary of the company’s holding company; or
- (b) the spouses, civil partners, surviving spouses, surviving civil partners or children or step-children under the age of 18 of such employees, former employees, directors or former directors.

“**Excepted Person**” means Mr Luigi Zunino and each of Sviluppo Nuove Iniziative S.p.A., Tradim S.p.A., Nuova Parva S.p.A. and Zunino Investimenti Italia S.p.A., as long as directly or indirectly wholly owned by Mr Luigi Zunino.

“**Excepted Transaction**” means (i) an offer made or a scheme proposed by any Excepted Person to acquire any of the Shares held by any of the other Excepted Persons; *provided, however, that* (ii) an offer made by an Excepted Person to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) such Shareholders other than the offeror and/or any associate of the offeror) to acquire the issued ordinary share capital of the Issuer or a scheme proposed with regard to such acquisition by an Excepted Person, which is mandated by applicable laws and rules as a consequence of a transaction described in (i) above, shall not be an Excepted Transaction.

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

“**Fair Market Value**” has the meaning provided in Condition 6(b)(iii).

“**Final Maturity Date**” means 10 May 2014.

“Independent Financial Adviser” means an investment bank of international repute appointed by the Issuer and approved in writing by the Trustee (such approval not to be unreasonably withheld or delayed) or, if the Issuer fails to make such appointment and such failure continues for a reasonable period (as determined by the Trustee) and the Trustee is indemnified and/or secured to its satisfaction against the costs, fees and expenses of such adviser, appointed by the Trustee following notification to the Issuer.

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

“long-term incentive scheme” means any arrangement (other than a retirement benefit plan, a deferred bonus or any other arrangement that is an element of an executive directors remuneration package) which may involve the receipt of any asset (including cash or any security) by a director or employee of the group:

- (a) which includes one or more conditions in respect of service and/or performance to be satisfied over more than one financial year; and
- (b) pursuant to which the group may incur (other than in relation to the establishment and administration of the arrangement) either cost or liability, whether actual or contingent.

“Material Subsidiary” means, at any relevant time, a Subsidiary of the Issuer:

- (a) whose total assets (or, where the Subsidiary in question prepares consolidated accounts, whose total consolidated assets) at any relevant time represent no less than 5 per cent. of the total consolidated assets of the Issuer and its Subsidiaries, as calculated by reference to the then latest consolidated audited accounts or consolidated six-month or quarterly reports of the Issuer and the latest accounts or six-month or quarterly reports of each relevant Subsidiary as restated in accordance with International Financial Reporting Standards; or
- (b) to which is transferred all or substantially all of the assets and undertaking of a Subsidiary which, immediately prior to such transfer, is a Material Subsidiary, provided that, as a result of such transfer, the relevant Subsidiary assets shall represent at least 5 per cent. of the total consolidated assets of the Issuer and its Subsidiaries, as calculated pursuant to point (a) above.

“MTA” has the meaning provided in Condition 1(a).

“Newco” has the meaning provided in Condition 6(b)(x).

“Newco Scheme” has the meaning provided in Condition 6(b)(x).

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

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

“Ordinary Shares” has the meaning provided in Condition 1(a).

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

“Relevant Date” means, in respect of any Bond or Coupon, whichever is the later of (i) the date on which payment in respect of it first becomes due and (ii) if any amount of the money payable is improperly withheld or refused, the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Bondholders in accordance with Condition 17 that, upon further presentation of the Bond or Coupon being made, such payment will be made, provided that such payment is in fact made upon such presentation.

“Relevant Event” has the meaning provided in Condition 6(b)(x).

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

“Relevant Event Period” has the meaning provided in Condition 6(b)(x).

“Relevant Event Put Date” has the meaning provided in Condition 7(d).

“Relevant Event Put Exercise Notice” has the meaning provided in Condition 7(d).

“Relevant Indebtedness” means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) in the form of, or represented or evidenced by, notes, bonds, debentures, debenture stock, loan stock or other securities (excluding securities evidencing indebtedness arising under banking facilities) whether issued for cash or in whole or in part for a consideration other than cash, and which are capable of being quoted, listed or ordinarily traded on any stock exchange, quotation system or

recognised over-the-counter or other securities market and (ii) any guarantee or indemnity in respect of any such indebtedness. For the avoidance of doubt, Relevant Indebtedness shall not include, whether granted by the Issuer or any of its Subsidiaries, any mortgages, bank loans, guarantee or indemnification obligations in connection with the securitisation of assets or financings undertaken by the Issuer or its Subsidiaries in connection with the creation of pools of assets dedicated to specific transactions (*patrimoni destinati a uno specifico affare*) within the meaning set out under Article 2447bis and subsequent of the Italian Civil Code.

“**Relevant Stock Exchange**” means MTA or, if the Ordinary Shares are not at that time admitted to trading on MTA, the principal stock exchange or securities market on which the Ordinary Shares are then admitted to trading or listing or quoted or dealt in.

“**Reserved Matter**” means, in the context of any meeting of Bondholders, any proposal:

- (a) to change any date fixed for payment of principal, premium or interest in respect of the Bonds, to reduce the amount of principal, premium or interest payable on any date in respect of the Bonds or, except where such alteration is in the opinion of the Trustee bound to result in an increase in the amount of such payment, to alter the method of calculating the amount of any payment in respect of the Bonds on redemption or maturity or the date for any such payment;
- (b) to effect the exchange, conversion or substitution of the Bonds for, or the exchange of the Bonds into, shares, notes or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed (other than as permitted under these Conditions or the Trust Deed);
- (c) to change the currency in which amounts due in respect of the Bonds or Coupons are payable;
- (d) to change any aspect of the Conversion Right (excluding, for the avoidance of doubt, any change arising as a result of the operation of these Conditions);
- (e) to change the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution; or
- (f) to amend this definition of “Reserved Matter”.

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

“**Security Interest**” has the meaning provided in Condition 3.

“**Shareholders**” has the meaning provided in Condition 6(b)(ii).

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

“**Spin-Off**” has the meaning provided in Condition 6(b)(iii).

“**Spin-Off Securities**” has the meaning provided in Condition 6(b)(iii).

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

“**TARGET System**” means the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) system.

“**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 volume-weighted average price of an Ordinary Share, Security or, as the case may be, a Spin-Off Security, appearing on or derived from Bloomberg page AQR (in the case of an Ordinary Share) or (in the case of another Security or a Spin-Off Security) from the principal stock exchange or securities market on which such Securities or Spin-Off Securities are then listed or quoted or dealt in, if any, or, in any such case, such other source as shall be determined to be appropriate by an Independent Financial Adviser on such dealing day, *provided that*, if on any such dealing day where 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.

“**Voting Rights**” means the right of ordinary shareholders to vote at a general shareholders’ meeting of the relevant entity.

References in these Conditions to the principal amount of any Bond shall be to the face value (being EUR 100,000) of that Bond.

Reference to 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 modification or re-enactment.

For the purposes of Conditions 6(a), (b), (c), (f), (i) and (j) and Condition 11 only, (a) references to the “**issue**” of Ordinary Shares shall include the transfer and/or delivery of Ordinary Shares by the Issuer or any of its Subsidiaries, 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 Subsidiaries (and which, in the case of Conditions 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**”.

5. Interest

(a) *Interest rate*

The Bonds bear interest from and including the Closing Date at the rate of 1 per cent. per annum calculated by reference to the principal amount thereof and payable annually in arrear on 10 May in each year (each, an “**Interest Payment Date**”), commencing on 10 May 2008.

(b) *Accrual of interest*

Each Bond will cease to bear interest (i) where the Conversion Right attached to it shall have been exercised by a Bondholder, from (and including) the Interest Payment Date immediately preceding the relevant 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 being redeemed or repaid pursuant to Condition 7 or Condition 10, from (and including) the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest on such Bonds will continue to accrue as provided in these Conditions.

(c) *Accreted Principal Amount not paid*

If the Issuer shall fail for any reason to redeem the full Accreted Principal Amount of Bonds when due, such Bonds will continue to bear interest (both before and after judgment) until the Relevant Date, subject as provided in Condition 7(a).

(d) *Coupon amount*

The amount of interest payable on each Interest Payment Date shall be EUR 1,000 in respect of each Bond. If interest is required to be paid in respect of a Bond on any other date falling before the Final Maturity Date, it shall be calculated, in respect of such period, on the basis of the actual number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Regular Period in which the relevant period falls. For this purpose, “**Regular Period**” means each period from (and including) the Closing Date or any Interest Payment Date to (but excluding) the next Interest Payment Date. If interest is required to be paid in respect of a Bond on any date falling after the Final Maturity Date, it shall be calculated in accordance with Condition 7(a).

6. Conversion of Bonds into Ordinary Shares

(a) *Conversion Period and Conversion Price*

Each Bond shall entitle the holder (such right, a “**Conversion Right**”) to convert such Bond into Ordinary Shares, credited as fully paid, subject to and as provided in these Conditions.

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

The initial Conversion Price is EUR 12.675 per Ordinary Share. The Conversion Price is subject to adjustment in the circumstances described in Condition 6(b).

A Bondholder may exercise the Conversion Right in respect of a Bond by delivering such Bond to the specified office of any Paying and Conversion Agent in accordance with Condition 6(i) whereupon the Issuer shall issue to the Bondholder Ordinary Shares credited as paid up in full as provided in this Condition 6.

Subject to, and upon compliance with, the provisions of these Conditions, 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 20 June 2007 to the close of business (at the place where the relevant Bond is delivered for conversion) on the date falling six days prior to the Final Maturity Date (both days inclusive) or, if the Bonds shall have been called for redemption pursuant to Condition 7(b) prior to the Final Maturity Date, then up to the close of business (at the place aforesaid) on the sixth day before the date fixed for redemption thereof pursuant to Condition 7(b), unless there shall be default in making payment in respect of such Bond on such date fixed for redemption, in which event the Conversion Right shall extend up to 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 17 or, if earlier, the Final Maturity Date; provided that, in each case, if the final such date for the exercise of Conversion Rights is not a business day at the place aforesaid, then the period for exercise of the Conversion Right by Bondholders shall end on the immediately preceding business day at the place aforesaid. The period during which Conversion Rights may be exercised by a Bondholder is referred to as the “**Conversion Period**”.

Conversion Rights may not be exercised (i) in respect of a Bond where the Bondholder shall have exercised its right to require the Issuer to redeem such Bond pursuant to Condition 7(d) or (ii) following the giving of notice by the Trustee pursuant to Condition 10.

Fractions of Ordinary Shares will not be issued on conversion or pursuant to Condition 6(c) and no cash payment or 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 issued on conversion or pursuant to Condition 6(c) are to be registered in the same name, the number of such Ordinary Shares to be issued 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 on conversion will be issued to the holder of the Bonds completing the relevant Conversion Notice or his nominee. Such Ordinary Shares will be deemed to be issued as of the relevant Delivery Date. Any Additional Shares to be issued pursuant to Condition 6(c) will be deemed to be issued as of the relevant Additional Shares Delivery Date.

(b) *Adjustment of Conversion Price*

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

- (i) *Consolidation and Subdivision:* If and whenever there shall be an alteration to the nominal value of the Ordinary Shares as a result of consolidation or subdivision, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such alteration by the following fraction:

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

where:

A is the nominal amount of one Ordinary Share immediately after such alteration; and

B is the nominal amount of one Ordinary Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

- (ii) *Capitalisation of Profits or Reserves:* If and whenever the Issuer shall issue any Ordinary Shares credited as fully paid to the holders of Ordinary Shares (the “**Shareholders**”) by way of capitalisation of profits or reserves (including any share premium account or capital redemption

reserve) other than (1) any such Ordinary Shares issued instead of the whole or part of a cash Dividend which the Shareholders would or could otherwise have received or (2) where the Shareholders may elect to receive a cash Dividend in lieu of such Ordinary Shares, where (1) and (2) fall within the adjustment provisions of paragraph 6(iii) below, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

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

where:

A is the aggregate nominal amount of the issued Ordinary Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Ordinary Shares immediately after such issue.

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

- (iii) *Capital Distribution*: If and whenever the Issuer shall pay or make any Capital Distribution (as defined below) to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the relevant Dividend by the following fraction:

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

where:

A is the Current Market Price (as defined below) of one Ordinary Share on the dealing day immediately preceding the date of the first public announcement of the relevant Dividend or, in the case of a purchase of Ordinary Shares or any receipts or certificates representing Ordinary Shares by or on behalf of the Issuer or any Subsidiary of the Issuer, the day on which such Ordinary Shares (or receipts or certificates) are purchased or, in the case of a Spin-Off, is the Current Market Price of an Ordinary Share on the dealing day immediately preceding the first date on which the Ordinary Shares are traded ex- the relevant Spin-Off; and

B is the portion of the Fair Market Value (as defined below) of the Capital Distribution attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of the aggregate Capital Distribution by the number of Ordinary Shares entitled to receive the relevant Capital Distribution (or, in the case of a purchase of Ordinary Shares or any 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 prior to such purchase).

Such adjustment shall become effective on the date on which such Capital Distribution is paid or distributed or, in the case of a purchase of Ordinary Shares or any receipts or certificates representing Ordinary Shares, on the date such purchase is made or, in any such case, if later, the first date upon which the Fair Market Value of the Capital Distribution is capable of being determined as provided herein.

As used in this Condition 6(b):

“**Capital Distribution**” means a Spin-Off (in which case, the Capital Distribution shall be the Fair Market Value of the relevant Spin-Off Securities or, as the case may be, the relevant properties or assets) or any Dividend (in which case the Capital Distribution shall be the Fair Market Value of such Dividend).

For the purposes of the above, the Fair Market Value of a Dividend shall (subject as provided in paragraph (a) of the definition of “Dividend” below and in the definition of “Fair Market Value” below) be determined as at the date of the first public announcement of the relevant Dividend.

“**Dividend**” means any dividend or distribution (excluding a Spin-Off) whether of cash, assets or other property, and whenever paid or made and however described (and for these purposes a

distribution of assets includes, without limitation, an issue of Ordinary Shares or other Securities credited as fully or partly paid up by way of capitalisation of profits or reserves) *provided that*:

- (a) where a cash Dividend is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the issue or delivery of Ordinary Shares or other property or assets, or where a capitalisation of profits or reserves is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the payment of a cash Dividend, then for the purposes of this definition the Dividend in question shall be treated as a Dividend of the greater of (i) such cash dividend and (ii) the Fair Market Value (on the date of the first public announcement of such Dividend or capitalisation (as the case may be) or, if later, the date on which the number of Ordinary Shares (or amount of property or assets, as the case may be) which may be issued or delivered is determined) of such Ordinary Shares or other property or assets;
- (b) any issue of Ordinary Shares falling within Condition 6(b)(ii) shall be disregarded; and
- (c) a purchase or redemption of ordinary share capital by the Issuer or any Subsidiary shall not constitute a Dividend unless, in the case of purchases of Ordinary Shares by or on behalf of the Issuer or any of its Subsidiaries, the Volume Weighted Average Price per Ordinary Share (before expenses) on any one day in respect of such purchases exceeds by more than 5 per cent. the mean of the Volume Weighted Average Price of an Ordinary Share on the five dealing days immediately preceding either (1) that day or (2) where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases or redemptions approved by a general meeting of Shareholders of the Issuer or any notice convening such a meeting of Shareholders) has been made of the intention to purchase Ordinary Shares at some future date at a specified price, the dealing day immediately preceding the date of such announcement and, if in the case of either (1) or (2), the relevant day is not a dealing day, the immediately preceding dealing day, in which case such purchase shall be deemed to constitute a Dividend to the extent that the aggregate price paid (before expenses) in respect of such Ordinary Shares purchased by the Issuer or, as the case may be, any of its Subsidiaries exceeds the product of (i) 105 per cent. of the mean of the Volume Weighted Average Prices of the Ordinary Shares determined as aforesaid and (ii) the number of Ordinary Shares so purchased; and
- (d) if the Issuer or any of its Subsidiaries shall purchase any 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.

“**Fair Market Value**” means, with respect to any property on any date, the fair market value of that property as determined in good faith by an Independent Financial Adviser, *provided that* (i) the Fair Market Value of a cash Dividend paid or to be paid shall be the amount of such cash Dividend; (ii) the Fair Market Value of any other cash amount shall be the amount of such cash; (iii) where Spin-Off Securities, options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by an Independent Financial Adviser), the fair market value (a) of such Spin-Off Securities shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such Spin-Off Securities and (b) of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights, in the case of both (a) and (b) during the period of five dealing days on the relevant market commencing on the first such dealing day such Spin-Off Securities, options, warrants or other rights are publicly traded; and (iv) in the case of (i) converted into Euros (if declared or paid in a currency other than Euros) at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid the cash Dividend in Euros; and, in any other case, converted into Euros (if expressed in a currency other than Euros) at such rate of exchange as may be determined in good faith by an Independent Financial Adviser to be the spot rate ruling at the close of business on that date (or if no such rate is available on that date the equivalent rate on the immediately preceding date on which such a rate is available).

“**Spin-Off**” means (a) a distribution of Spin-Off Securities by the Issuer to Shareholders as a class or (b) any transfer of any property or assets (including cash or shares or securities of or in or issued or allotted by any entity) by any entity (other than the Issuer) to Shareholders as a class or, in the case of or in connection with a Newco Scheme, Existing Shareholders, as a class

(but excluding the issue and allotment of shares by Newco to Existing Shareholders), pursuant in each case to any arrangements with the Issuer or any of its Subsidiaries.

“**Spin-Off Securities**” means equity share capital of an entity other than the Issuer.

- (iv) *Shares, Rights and Share-related Issues to Shareholders:* If and whenever the Issuer shall issue Ordinary Shares to Shareholders as a class by way of rights, or issue or grant to Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase any Ordinary Shares, 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 dealing day immediately preceding the date of the first public announcement of the terms of the issue or grant of such Ordinary Shares, options, warrants or other rights, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

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

where:

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

B is the number of Ordinary Shares which the aggregate amount (if any) payable for the Ordinary Shares issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Ordinary Shares deliverable on the exercise thereof, would purchase at such Current Market Price per Ordinary Share; and

C is the number of Ordinary Shares 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.

Such adjustment shall become effective on the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants, as the case may be, on the Relevant Stock Exchange.

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

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

where:

A is the Current Market Price of one Ordinary Share on the dealing day immediately preceding the first date on which the terms of such issue or grant are publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Ordinary Share.

Such adjustment shall become effective on the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants, as the case may be, on the Relevant Stock Exchange.

- (vi) *Issues of Shares at less than Current Market Price:* 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 the exercise of Conversion Rights or on the exercise of any rights of conversion into, or exchange or subscription for or purchase of, Ordinary Shares) or issue or grant (otherwise than as mentioned in sub-paragraph (b)(iv) above) wholly for cash or for no consideration any options, warrants or other rights to subscribe for or purchase any Ordinary Shares (other than the Bonds, which term shall include any further bonds issued pursuant to Condition 18 and consolidated and forming a single series with the 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 dealing day immediately

preceding 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 such issue by the following fraction:

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

where:

A is the number of Ordinary Shares in issue immediately before the issue of such Ordinary Shares or the grant of such options, warrants or rights;

B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the issue of such additional 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 additional Ordinary Shares or, as the case may be, the maximum number of Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights.

Such adjustment shall become effective on the date of issue of such additional Ordinary Shares or, as the case may be, the grant of such options, warrants or rights.

- (vii) *Other Issues at less than Current Market Price:* 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 issued pursuant to Condition 18 and consolidated and forming a single series with the Bonds) which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, Ordinary Shares (or shall grant any such rights in respect of existing Securities so issued) or Securities which by their terms might be redesignated as Ordinary Shares, and the consideration per Ordinary Share receivable upon conversion, exchange, subscription or redesignation is less than 95 per cent. of the Current Market Price per Ordinary Share on the dealing day immediately preceding 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 such issue (or grant) by the following fraction:

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

where:

A is the number of Ordinary Shares in issue immediately before such issue or grant (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Ordinary Shares which have been issued by the Issuer for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued) or otherwise made available;

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

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

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

Such adjustment shall become effective on the date of issue of such Securities or, as the case may be, the grant of such rights.

- (viii) *Amendment of Terms of Rights or Share-related Securities:* If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such Securities (other than the Bonds and any further bonds issued pursuant to Condition 18 and consolidated and forming a single series therewith) as are mentioned in subparagraph (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 dealing day immediately preceding 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 such modification by the following fraction:

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

where:

A is the number of Ordinary Shares in issue immediately before such modification (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Ordinary Shares which have been issued by the Issuer or any Subsidiary of the Issuer (or at the direction or request or pursuant to any arrangements with the Issuer of any Subsidiary) for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued or otherwise made available on conversion);

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 the Securities so modified would purchase at such Current Market Price per Ordinary Share or, if lower, the existing conversion, exchange or subscription price 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 attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as an Independent Financial Adviser 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 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 or subscription had taken place on the Specified Date.

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such Securities.

- (ix) *Other Offers to Shareholders:* If and whenever the Issuer or any Subsidiary of the Issuer or (at the direction or request of or pursuant to any arrangements with the Issuer or any Subsidiary

of the Issuer) any other company, person or entity shall offer any Securities in connection with which offer Shareholders as a class are entitled to participate in arrangements whereby such Securities may be acquired by them (except where the Conversion Price falls to be adjusted under sub-paragraphs (b)(ii), (iii), (iv), (vi) or (vii) above or (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 making of such offer by the following fraction:

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

where:

A is the Current Market Price of one Ordinary Share on the dealing day immediately preceding the date on which the terms of such offer are first publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the relevant offer attributable to one Ordinary Share.

Such adjustment shall become effective on the first date on which the Ordinary Shares are traded ex-rights on the Relevant Stock Exchange.

- (x) *Change of Control*: If an offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) such Shareholders other than the offeror and/or any associate of the offeror) to acquire all or a majority of the issued ordinary share capital of the Issuer or if any person proposes a scheme with regard to such acquisition (other than a Newco Scheme) and (such offer or scheme having become or been declared unconditional in all respects) the right to cast more than 50 per cent. of the Voting Rights has or will become unconditionally vested in the offeror and/or such associate as aforesaid, in each case other than an Excepted Transaction (a “**Relevant Event**”), then, upon any exercise of Conversion Rights during the period (the “**Relevant Event Period**”) commencing on the occurrence of the 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 as required by Condition 6(h) is given, the Conversion Price shall be adjusted pursuant to the following formula:

$$CP_a = \frac{CP}{1 + Pr \times \frac{c}{t}}$$

where:

CP_a = the adjusted Conversion Price;

CP = the Conversion Price immediately prior to the date on which the Relevant Event occurs;

Pr = the initial conversion premium of 50 per cent.;

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

t = the number of days from and including the date of issue of the Bonds to but excluding the Final Maturity Date.

There will be no adjustment of the Conversion Price if CP_a would, by applying the above formula, be greater than CP.

- (xi) As used in these Conditions, “**Newco Scheme**” means a scheme of arrangement which effects the interposition of a limited liability company (“**Newco**”) between the Shareholders of the Issuer immediately prior to the scheme of arrangement (the “**Existing Shareholders**”) and the Issuer; *provided that*, immediately after completion of the scheme of arrangement, the Existing Shareholders are the only shareholders of Newco and that 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 the scheme of arrangement and immediately after completion of the scheme of arrangement Newco is substituted under the Bonds and the Trust Deed in place of the Issuer in accordance with these Conditions and the Trust Deed and such other adjustments 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 converted into or exchanged for ordinary shares in Newco, *mutatis mutandis*, in accordance with and subject to these Conditions and the Trust Deed.

- (xii) *Other Events*: If the Issuer (after consultation with the Trustee) determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to above in this Condition 6(b) (even if the relevant circumstance is specifically excluded from the operation of sub-paragraphs (b)(i) to (x) above), the Issuer shall, at its own expense and acting reasonably, request an Independent Financial Adviser to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment 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)(xii) 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.

Notwithstanding the foregoing provisions, where the events or circumstances giving rise to any adjustment pursuant to this Condition 6(b) have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Conversion Price or where more than one event which gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be advised by an Independent Financial Adviser to be, in its opinion, appropriate to give the intended result and *provided further that*, for the avoidance of doubt, the issue of Ordinary Shares pursuant to the exercise of Conversion Rights shall not result in an adjustment to the Conversion Price.

For the purpose of any calculation of the consideration receivable or price pursuant to sub-paragraphs (b)(iv), (vi), (vii) and (viii) above, 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 aggregate 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 received or receivable or price for such Securities or, as the case may be, for such options, warrants or rights which is 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 or the Trustee so requires by notice in writing to the Issuer, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the date of the first public announcement of the terms of issue of such Securities or, as the case may be, such options, warrants or rights, 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;

- (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 Euros, it shall be converted into Euros at such rate of exchange as may be determined in good faith by an Independent Financial Adviser to be the spot rate ruling at the close of business on the date of the first public announcement of the terms of issue of such Securities (or, if no such rate is available on that date, the equivalent rate on the immediately preceding date on which such rate is available); and
- (d) in determining 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 otherwise in connection therewith.

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

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

and *provided further that*, if the Volume Weighted Average Price on each of the said five dealing days has 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 the first public announcement of such Dividend or entitlement, ignoring for this purpose any associated tax credit or tax to be deducted at source,

and *provided further that*, if such Volume Weighted Average Prices are not available on one or more of the said five dealing days, then the mean 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 Volume Weighted Average Prices) and, if only one, or no, such Volume Weighted Average Prices are 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 is open for business, other than a day on which the Relevant Stock Exchange is scheduled to, or does, close prior to its regular weekday closing time.

References to any issue or offer or grant to 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 other than Shareholders to whom, by reason of the laws of any territory or requirements of any

recognised regulatory body or any other stock exchange in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

(c) *Retroactive Adjustments*

If the Delivery Date in relation to any Bond shall be after the record date 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 any such issue as is mentioned in Conditions 6(b)(vi) and (vii) which is made to the Shareholders or any of them, but before the relevant adjustment becomes effective under Condition 6(b) (such adjustment, a “**Retroactive Adjustment**”), the Issuer shall (conditional upon the relevant adjustment becoming effective) procure that there shall be issued to the converting Bondholder (in accordance with the instructions contained in the Conversion Notice) such additional number of Ordinary Shares (if any) (the “**Additional Shares**”) as, together with the Ordinary Shares issued or to be issued on conversion of the relevant Bond, is equal to the number of Ordinary Shares which would have been required to be issued on conversion of such Bond (together with any fraction of an Ordinary Share not so issued) if the relevant adjustment (more particularly referred to in the said provisions of Condition 6(b)) to the Conversion Price had in fact been made and become effective immediately prior to the relevant Conversion Date.

(d) *Decision of an Independent Financial Adviser*

If any doubt shall arise 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 of such adjustment to the Conversion Price shall be conclusive and binding on all concerned, save in the case of manifest error.

(e) *Ordinary Shares may not be Issued at a Discount*

The Conversion Price may not be reduced so that, on conversion of the Bonds, Ordinary Shares would fall to be issued at a discount to their nominal or par value.

(f) *Employees’ Share Schemes*

No adjustment will be made to the Conversion Price where Ordinary Shares or other Securities (including rights, warrants and options) are issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of, employees or former employees (including directors holding or formerly holding executive office or the personal service company of any such person) or their spouses or relatives, in each case, of the Issuer or any of its Subsidiaries or any associated company or to trustees to be held for the benefit of any such person, in any such case pursuant to any employees’ share scheme or long-term incentive scheme, or following the conversion by the Issuer or any of its Subsidiaries of payment obligations to employees or directors into Ordinary Shares or other equity securities in any given year to the extent permitted by applicable law.

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

To the extent permitted by applicable law, any adjustment, the resultant Conversion Price, if not an integral multiple of EUR 0.01, shall be rounded down to the nearest whole multiple of EUR 0.01. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than 1 per cent. of the Conversion Price then in effect. Any adjustment not required to be made, 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. Notice of any adjustments shall be given to Bondholders in accordance with Condition 17 as soon as practicable after the determination thereof.

(h) *Change of Control*

Following the occurrence of a Relevant Event, the Issuer shall give notice thereof to the Trustee and the Bondholders in accordance with Condition 17 (a “**Relevant Event Notice**”) within 14 calendar days of the first day on which it becomes so aware. Such notice shall contain a statement informing Bondholders of their entitlement to exercise their Conversion Rights as provided in these Conditions and the Conversion Price applicable in consequence of the Relevant Event as set out in Condition 6(b)(x), as adjusted where appropriate, or to exercise their rights to require redemption of

the Bonds pursuant to Condition 7(d) and the procedures for such exercise. Such notice shall also specify:

- (i) the Conversion Price immediately prior to the occurrence of the Relevant Event and the Conversion Price applicable pursuant to Condition 6(b)(x) during the Relevant Event Period;
- (ii) the closing price of the Ordinary Shares as derived from the Relevant Stock Exchange as at the latest practicable date prior to the publication of such notice;
- (iii) the last day of the Relevant Event Period; and
- (iv) such other information relating to the Relevant Event as the Trustee may require.

The Trustee shall not be required to take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur.

(i) *Procedure for Conversion*

A Conversion Right may be exercised by a Bondholder during the Conversion Period by delivering the relevant Bond to the specified office of any Paying and Conversion Agent, during its usual business hours, accompanied by a duly completed and signed notice of conversion (a “**Conversion Notice**”) in the form (for the time being current) obtainable from any Paying and Conversion Agent. 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 and Conversion Agent to whom the relevant Conversion Notice is delivered is located.

A Conversion Right may be exercised only in respect of the whole of the principal amount of a Bond.

A Conversion Notice, once delivered, shall be irrevocable.

The conversion date in respect of a Bond (the “**Conversion Date**”) shall be the Milan business day immediately following the date of such delivery and, if applicable, the making of any payment to be made as provided below. Conversion Notices received after 3.00 p.m. on a particular business day will be deemed to have been received on the following business day.

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

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

Each Bond should be delivered upon exercise of Conversion Rights together with all Coupons relating to it which mature on or after the relevant Conversion Date, failing which the relevant holder will be required to pay the full amount of any such missing Coupon. Each amount so paid will be repaid in the manner specified in Condition 8 against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant missing Coupon at any time after the relevant Conversion Date and before the expiry of 10 years after the Relevant Date in respect of the relevant Bond (whether or not a Coupon would otherwise have become void pursuant to Condition 12), but not thereafter.

A Bondholder exercising a Conversion Right must pay any taxes and capital, stamp, issue and registration duties arising on conversion (other than any taxes or capital duties or stamp duties payable in the Republic of Italy in respect of the allotment and issue of any Ordinary Shares on such conversion (including any Additional Shares), which shall be paid by the Issuer) and such Bondholder must pay all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond or interest therein in connection with such conversion.

Ordinary Shares to be issued on conversion of the Bonds (including any Additional Shares) will be issued in uncertificated form through *Monte Titoli S.p.A.* The Ordinary Shares will be delivered to the account specified by the relevant Bondholder in the relevant Conversion Notice on the relevant Delivery Date (or, in the case of any Additional Shares, the Additional Shares Delivery Date).

(j) *Ordinary Shares*

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

(k) *Interest on conversion*

If any notice requiring the redemption of any Bonds is given pursuant to Condition 7(b) on or after the fifteenth Milan business day prior to a record date falling after the last Interest Payment Date (or, in the case of the first Interest Period, the Closing Date) (whether such notice is given before, on or after such record 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 calendar days after the Interest Payment Date next following such record date, interest shall accrue on Bonds in respect of which Conversion Rights shall have been exercised and in respect of which the 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 Conversion Date falls before the first Interest Payment Date, from the Closing Date) to but excluding such Conversion Date. The Issuer shall pay any such interest or procure that any such interest is paid by not later than 14 calendar days after the relevant Conversion Date by transfer to a Euro account maintained with a bank in a city in which banks have access to the TARGET System in accordance with instructions given by the relevant Bondholder.

(l) *Purchase or redemption by the Issuer of its own Shares*

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

7. **Redemption and Purchase**

(a) *Final redemption*

Unless previously purchased and cancelled, redeemed or converted as herein provided, the Bonds will be redeemed at their Accreted 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).

In these Conditions, the “**Accreted Principal Amount**” payable on any date (the “**Determination Date**”) means, in respect of each EUR 100,000 principal amount of Bonds:

- (i) if the Determination Date is the Final Maturity Date, €123,690, being 123.69 per cent. of such principal amount;

- (ii) if the Determination Date is an Interest Payment Date set out in the table below, the Accreted Principal Amount set out in the table below in respect of such Interest Payment Date:

<u>Interest Payment Date</u>	<u>Accreted Principal Amount (EUR)</u>
10 May 2008	103.00
10 May 2009	106.12
10 May 2010	109.36
10 May 2011	112.74
10 May 2012	116.25
10 May 2013	119.90

- (iii) if the Determination Date is any other date falling before the Final Maturity Date, the amount which shall be calculated in accordance with the following formula, rounded (if necessary) to the nearest cent with half a cent being rounded upwards (which, together with accrued interest from the immediately preceding Interest Payment Date or, if none, the Closing Date, and after taking into account any interest paid in respect of such Bonds in preceding periods, represents for the holder thereof on the Determination Date a gross yield to maturity identical to that applicable in the case of redemption on the Final Maturity Date, being 4 per cent. per annum (calculated on an annual basis)):

$$\text{APA} = [\text{PAPA} \times (1 + r)^{d/p}] - \text{AI}$$

where:

“APA” means the Accreted Principal Amount;

“PAPA” means the Accreted Principal Amount in respect of the Interest Payment Date immediately preceding the Determination Date as set out in the above table (or, if the Determination Date is prior to the first Interest Payment Date, EUR 100,000);

“r” means 4 per cent. expressed as a decimal;

“d” means the number of days from and including the immediately preceding Interest Payment Date (or, if the Determination Date is on or before the first Interest Payment Date, from and including the Closing Date) to but excluding the Determination Date;

“p” means the number of days from and including the immediately preceding Interest Payment Date (or, if the Determination Date is on or before the first Interest Payment Date, from and including the Closing Date) to but excluding the next following Interest Payment Date; and

“AI” means accrued interest on the principal amount of the Bonds from and including the immediately preceding Interest Payment Date (or, if the Determination Date is on or before the first Interest Payment Date, from and including the Closing Date) to but excluding the Determination Date, calculated on the basis of the number of days from and including the immediately preceding Interest Payment Date (or, if the Determination Date is on or before the first Interest Payment Date, from and including the Closing Date) to but excluding the Determination Date divided by the number of days from and including the immediately preceding Interest Payment Date (or, if the Determination Date is on or before the first Interest Payment Date, from and including the Closing Date) to but excluding the next following Interest Payment Date.

If the Accreted Principal Amount payable in respect of any Bond upon its redemption pursuant to Condition 7(b) or Condition 7(d) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Accreted Principal Amount due and payable in respect of such Bond shall be the Accreted Principal Amount of such Bond as described in the above provisions, except that such provisions shall have effect as though the reference therein to the date fixed for redemption or, as the case may be, the date on which the Bond becomes due and payable had been replaced by a reference to the Relevant Date, and interest shall accrue on the principal amount of such Bond to the Relevant Date.

If, in any case described in the preceding paragraph, the Relevant Date falls on or after the Final Maturity Date or if the Accreted Principal Amount payable in respect of any Bond upon its

redemption pursuant to Condition 7(a) is not paid when due, the amount due and payable shall be 123.69 per cent. of the principal amount of such Bond together with interest calculated by applying the rate of 4 per cent. per annum to the principal amount of such Bond from and including the Final Maturity Date to but excluding the Relevant Date multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

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

On giving not less than 30 nor more than 90 days' notice (an "**Optional Redemption Notice**") to the Trustee and to the Bondholders in accordance with Condition 17, the Issuer may redeem all but not some only of the Bonds on the date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice at their Accreted Principal Amount as at the Optional Redemption Date together with accrued interest to such date if:

- (i) at any time on or after 25 May 2010, on more than 20 dealing days during any period of 30 consecutive dealing days ending not earlier than 14 days prior to the giving of the relevant Optional Redemption Notice, the Aggregate Value of the Ordinary Shares to which a Bondholder would be entitled upon exercise of the Conversion Right attaching to any Bond on each such dealing day shall have exceeded 130 per cent. of the Accreted Principal Amount of such Bond on each such dealing day; or
- (ii) at any time prior to the date on which the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancellations) effected in respect of 85 per cent. or more in principal amount of the Bonds originally issued.

For the purposes of Condition 7(b)(i), if on any dealing day in such 30 dealing day period the Volume Weighted Average Price on such dealing day shall have been quoted cum-Dividend (or cum-any other entitlement) the closing price of an Ordinary Share on such dealing day shall 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) (excluding in any case any associated tax credit and less the tax (if any) falling to be deducted on payment thereof to a resident of The Republic of Italy).

For the purposes of Condition 7(b)(ii), the principal amount of the Bonds originally issued shall be the aggregate of the principal amount of the Bonds and the principal amount of any further bonds issued pursuant to Condition 18 and consolidated and forming a single series with the Bonds, but shall not take account of any Conversion Rights exercised or purchases and corresponding cancellations.

(c) *Optional Redemption Notice*

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

(d) *Redemption at the option of Bondholders*

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 Relevant Event Put Date at its Accreted Principal Amount as at the Relevant Event Put Date together with accrued interest to such date. To exercise such right, the holder of the relevant Bond must present such Bond, together with all Coupons relating thereto in respect of Interest Payment Dates falling after the Relevant Event Put Date, at the specified office of any Paying 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 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 and Conversion Agent ("**Relevant Event Put Exercise Notice**") at any time in the Relevant Event Period. The "**Relevant Event Put Date**" shall be the 14th 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 maintained with a bank in a city in which banks have access to the TARGET System specified by the relevant Bondholder in the applicable Relevant Event Put Exercise Notice.

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

The Trustee shall not be required to take any steps to ascertain whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred and shall not have any liability in relation thereto.

(e) *Purchase*

Subject to the requirements (if any) of the Luxembourg Stock Exchange for its Euro MTF Market or the rules of any other stock exchange on which the Bonds may be admitted to trading and/or listing at the relevant time, the Issuer or any of its Subsidiaries may at any time purchase Bonds (*provided that* all unmatured Coupons relating to them are purchased therewith or attached thereto) in the open market or otherwise at any price. Any purchase by tender shall be made available to all Bondholders alike.

(f) *Cancellation*

All Bonds which are redeemed or in respect of which Conversion Rights are exercised will be cancelled (together with all unmatured Coupons attached thereto surrendered therewith) and may not be reissued or resold. Bonds purchased by the Issuer or any of its Subsidiaries shall be surrendered for cancellation and may not be reissued or resold.

(g) *Multiple notices*

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

8. **Payments**

(a) *Method of payment*

Payment of the principal amount of the Bonds will be made against presentation and surrender (or, in the case of partial payment, endorsement) of Bonds and payment of any interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of partial payment, endorsement) of Coupons, at the specified office of any Paying and Conversion Agent 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. Payments of interest due in respect of Bonds other than on an Interest Payment Date shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Bond.

Payments of all other amounts will be made as provided in these Conditions.

(b) *Payments subject to fiscal laws*

All payments are subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment. No commissions or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.

(c) *Surrender of unmatured Coupons*

Each Bond should be presented for payment together with all unmatured Coupons relating to it, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of the amount so paid in respect of the relevant Bonds bears to the total amount due in respect of the relevant Bonds) will be deducted from the sum due for payment. Each amount so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than ten years after the Relevant Date for the relevant payment in respect of the relevant Bonds.

For the purposes hereof and save as otherwise provided herein, “**unmatured Coupons**” means Coupons maturing after the due date for redemption of the Bonds to which they appertain.

(d) *Non-business days*

A Bond or Coupon may only be presented for payment on a day which is a business day in the place of presentation (and, in the case of payment by transfer to a Euro account, a day on which the TARGET

System is open). No further interest or other payment will be made as a consequence of the day on which the relevant Bond or Coupon may be presented for payment under this Condition 8(d) falling after the due date.

(e) *Paying and Conversion Agents, etc.*

The initial Paying and Conversion Agents 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 (which approval shall not be unreasonably withheld or delayed), to vary or terminate the appointment of any Paying and Conversion Agent and appoint additional or other Paying and Conversion Agents outside the United States and its possessions, *provided that* it will (i) maintain a Principal Paying and Conversion Agent, (ii) maintain Paying and Conversion Agents having specified offices in at least two major European cities including, so long as the Bonds are admitted to the Euro MTF Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, a Paying and Conversion Agent having a specified office in Luxembourg and (iii) maintain a Paying and Conversion Agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

Notice of any change in the Paying and Conversion Agents or their specified offices will promptly be given to the Bondholders in accordance with Condition 17.

(f) *Fractions*

When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of EUR 0.01, such payment will be rounded down to the nearest EUR 0.01.

9. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds and the Coupons shall be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any jurisdiction or any political subdivision thereof or any authority thereof or therein having power to tax unless such withholding or deduction is required by law. In that event, the relevant payment will be made subject to such withholding or deduction. The Issuer will not be required to pay any additional or further amounts in respect of such withholding or deduction. However, any non-Italian-resident Bondholder making a timely declaration of non-residence and complying with the requirements imposed under Italian law to benefit from the exemption in Article 6 of the Italian Legislative Decree No. 239 of 1 April 1996, may avoid any withholding or deduction, which may otherwise have been required to be made pursuant to such decree.

10. Events of Default

The Trustee at its discretion may and, if so requested in writing by the holders of at least one-quarter in nominal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution of the Bondholders, shall (subject, in the case of the happening of any of the events mentioned in paragraphs (b) and (i) below and, in relation only to a Material Subsidiary, paragraphs (d), (e) and (g) below, to the Trustee having certified in writing that the happening of such event is in its opinion materially prejudicial to the interests of the Bondholders and in each case to being indemnified and/or secured to its satisfaction) give notice to the Issuer that the Bonds are, and they shall accordingly thereby immediately become, due and repayable at their Accreted Principal Amount together with accrued interest if any of the following events (each, an “**Event of Default**”) shall have occurred and be continuing:

- (a) the Issuer fails to pay interest on any of the Bonds for more than 15 days after they become due; or
- (b) the Issuer fails to perform or comply with any of its other material obligations under these Conditions and the Trust Deed and such failure to perform or comply continues for 30 days after notice by the Trustee demanding that such failure be cured; or
- (c) (i) any present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of monies borrowed or raised is declared to be or otherwise becomes due and payable prior to its stated maturity as a result of any default (however described), or (ii) any such indebtedness is not paid when due or, as the case may be, within 15 days or, if longer, within any applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due or, as the case may be, within 15 days or, if

longer, within any applicable grace period any amount payable by it under any present or future guarantee or indemnity for any indebtedness for or in respect of moneys borrowed or raised, or (iv) any Security Interest granted by the Issuer or any of its Material Subsidiaries for any such indebtedness is declared enforceable upon the occurrence of any event entitling to enforcement, unless in each of the cases from (i) to (iv) the aggregate amount of all such indebtedness is less than EUR 25,000,000 (or its equivalent in any other currency or currencies); or

- (d) a bankruptcy or insolvency proceeding is commenced against the Issuer or any of its Material Subsidiaries, which shall not have been dismissed, stayed or cancelled within 60 days after the commencement thereof, or the Issuer or any of its Material Subsidiaries institutes such proceedings; or
- (e) the Issuer or any of its Material Subsidiaries is unable to make its payments as they fall due or announces its inability to meet its financial obligations generally; or
- (f) the Issuer enters into liquidation (other than the liquidation of the Issuer in connection with a merger or reorganisation in which all assets and liabilities of the Issuer, as the case may be, are transferred to another legal entity, which grants Bondholders the same type of rights or which compensates the Bondholders for any changes in the Bondholders' rights or the rights themselves in an appropriate manner); or
- (g) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (c) to (f) above, *provided that* such effect is materially prejudicial to the interest of the Bondholders; or
- (h) the Issuer shall cease or threaten to cease to carry on all or substantially all of its business (except where such cessation or threatened cessation arises in connection with a merger or reorganisation of a type described in the proviso to (f) above); or
- (i) it becomes unlawful for the Issuer to perform or comply with any of its obligations under the Bonds or the Trust Deed.

11. Undertakings

- (a) Whilst any Conversion Right remains exercisable, the Issuer will, save with the approval of an Extraordinary Resolution or with the prior written approval of the Trustee where, in the opinion of the Trustee, it is not materially prejudicial to the interests of the Bondholders to give such approval:
 - (i) issue, allot and deliver Ordinary Shares on exercise of Conversion Rights in accordance with these Conditions and at all times keep available for issue free from pre-emptive or other similar rights out of its authorised but unissued ordinary share capital such number of Ordinary Shares as would enable it to issue in full such number of Ordinary Shares as are required to be issued by it upon exercise of Conversion Rights and all other rights of subscription and exchange for and conversion into Ordinary Shares;
 - (ii) other than in connection with a Newco Scheme, not issue or pay up any Securities, in either case by way of capitalisation of profits or reserves, other than:
 - (A) by the issue of fully paid Ordinary Shares or other Securities to the 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 Securities on a capitalisation of profits or reserves; or
 - (B) by the issue of Ordinary Shares paid up in full out of profits or reserves (in accordance with applicable law) and issued wholly, ignoring fractional entitlements, in lieu of the whole or part of a cash dividend; or
 - (C) 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 ordinary shares in the capital of the Issuer which by their terms entitle the holders thereof to receive equity share capital (other than Ordinary Shares) on a capitalisation of profits or reserves; or
 - (D) by the issue of Ordinary Shares or equity share capital for employees, directors (or former directors) of the Issuer pursuant to an employee share scheme or a long-term incentive scheme,

- unless, in any such case, the same gives rise (or would, but for the provisions of Condition 6(g) relating to the carry forward of adjustments, give rise) to an adjustment to the Conversion Price;
- (iii) not in any way modify the rights attaching to the Ordinary Shares with respect to voting, dividends or liquidation nor issue any other class of equity share capital carrying any rights which are more favourable than such rights but so that nothing in this Condition 11(a)(iii) shall prevent:
- (A) the issue of any 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 the Issuer's Subsidiaries or associated companies pursuant to any employees' share scheme; or
 - (B) any consolidation or subdivision of the Ordinary Shares or the conversion of any Ordinary Shares into stock or vice versa; 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 Bondholders; or
 - (D) any alteration to the constitutive documents of the Issuer made in connection with the matters described in this Condition 11 or which is supplemental or incidental to any of the foregoing (including any amendment made to enable or facilitate procedures relating to such matters and any amendment dealing with the rights and obligations of holders of Securities, including Ordinary Shares, dealt with under such procedures); or
 - (E) any issue of equity share capital where the issue of such equity share capital results or would, but for the provisions of any other Condition, otherwise result in an adjustment of the Conversion Price; or
 - (F) 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 to 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);
- (iv) procure that no Securities (whether issued by the Issuer or any Subsidiary or procured by the Issuer or any Subsidiary to be issued or issued by any other person pursuant to any arrangement with the Issuer or any Subsidiary) issued without rights to convert into, or exchange or subscribe for, Ordinary Shares shall subsequently be granted such rights exercisable at a consideration per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share at the close of business on the last 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 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;
- (v) not make any issue, grant or distribution or take any other action if the effect thereof would be that, on the conversion of Bonds, Ordinary Shares would (but for the provisions of Condition 6(e)) have to be issued at a discount or otherwise could not, under any applicable law then in effect, be legally issued as fully paid;
- (vi) not reduce its issued share capital, share premium account or capital redemption reserve 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 of share capital of the Issuer to the extent permitted by applicable law or (C) where the reduction does not involve any distribution of assets or (D) where the reduction results in (or would, but for the provisions of Condition 6(g) relating to the carry forward of adjustments, result in) an adjustment to the Conversion Price or (E) solely in relation to a change in the currency in which the nominal value of the Ordinary Shares is expressed or (F) pursuant to a Newco Scheme or (G) by way of, or involving, a transfer to reserves under applicable law or (H) where such reduction is required by applicable law;

- (vii) 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) such Shareholders other than the offeror and/or any associates of the offeror) to acquire all or a majority of the issued ordinary share capital of the Issuer, or if a scheme (other than a Newco Scheme) is proposed with regard to such acquisition, give notice of such offer or scheme to the Trustee and the Bondholders at the same time as any notice thereof is sent to its Shareholders (or as soon as practicable thereafter) that details concerning such offer or scheme may be obtained from the specified offices of the Paying 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, use its reasonable endeavours to 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 and/or to the holders of the Bonds;
- (viii) 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 upon completion of the scheme of arrangement, at its option, either (a) Newco is substituted under the Bonds and the Trust Deed as principal debtor in place of the Issuer (with the Issuer providing a guarantee) subject to and as provided in the Trust Deed or (b) Newco becomes a guarantor under the Bonds and the Trust Deed and, in either case, that such other adjustments are made to these Conditions and the Trust Deed to ensure that the Bonds may be converted into or exchanged (whether by the exchange for preference shares or otherwise) for ordinary shares of Newco, *mutatis mutandis*, in accordance with and subject to these Conditions and the Trust Deed as the Trustee shall, in its opinion, think fit; and
- (ix) use its reasonable endeavours to ensure that the Ordinary Shares issued upon conversion of the Bonds will be admitted to trading on the Relevant Stock Exchange in accordance with all applicable laws and rules and will be admitted to listing and/or trading, quoted or dealt in on any other stock exchange or securities market on which the Ordinary Shares may then be admitted to listing and/or trading or quoted or dealt in.

As used in these Conditions, “**ordinary share capital**” means all the issued share capital of the company, other than capital the holders of which have a right to a dividend at a fixed rate but have no other right to share in the profits of the company and “**equity share capital**” means, in relation to a company, its issued share capital excluding any part of that capital which, neither as respects dividends nor as respects capital, carries any right to participate beyond a specified amount in a distribution.

12. Prescription

Claims in respect of principal, premium or any other amount payable upon presentation of the Bonds shall become void unless presentation for payment is made as required by Condition 8 within a period of 10 years in the case of principal or premium and five years in the case of interest from the appropriate Relevant Date.

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

13. Replacement of Bonds and Coupons

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

14. Meetings of Bondholders, Modification and Waiver

(a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests relating to the Bonds, including the modification of any provision of the Bonds, these Conditions, the Agency Agreement or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution and any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Bondholders and Couponholders, whether present or not.

In relation to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution:

- (i) a meeting may be convened by the Issuer, the Trustee or any Bondholders' Representative (*rappresentante comune*) appointed pursuant to Articles 2415 and 2417 of the Italian Civil Code and shall be convened by any of them upon the request of Bondholders holding not less than one-twentieth of the aggregate principal amount of the outstanding Bonds;
- (ii) a meeting of Bondholders will be validly held if (i) there are one or more persons present, being or representing Bondholders holding at least one half of the aggregate principal amount of the outstanding Bonds, or (ii) in the case of a second meeting following adjournment of the first meeting for want of quorum, there are one or more persons present, being or representing Bondholders holding more than one third of the aggregate principal amount of the outstanding Bonds, or (iii) in the case of any subsequent meeting following a further adjournment for want of quorum, there are one or more persons present, being or representing Bondholders holding at least one fifth of the aggregate principal amount of the outstanding Bonds *provided, however*, that the quorum shall always be at least one half of the aggregate principal amount of the outstanding Bonds for the purposes of considering a Basic Terms Modification (as defined below) and *provided further* that the by-laws of the Issuer may from time to time require a higher quorum at any of the above meetings;
- (iii) the majority required to pass an Extraordinary Resolution (including at any meeting convened following adjournment of the previous meeting for want of quorum) will be one or more persons present, being or representing Bondholders holding at least two thirds of the aggregate principal amount of the Bonds represented at the meeting, *provided, however*, that any proposal to sanction by an Extraordinary Resolution passed at a meeting of Bondholders any modification, abrogation or variation of any of the Conditions or any arrangement in respect of the obligations of the Issuer under or in respect of the Bonds (each, a "**Basic Terms Modification**") must be approved by one or more persons present, being or representing Bondholders holding at least one half of the aggregate principal amount of the outstanding Bonds and *provided further* that the by-laws of the Issuer may from time to time require a larger majority. In addition, a resolution in writing signed by or on behalf of all Bondholders who for the time being are entitled to receive notice of a meeting of Bondholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

In accordance with the Italian Civil Code, a "*rappresentante commune*" may be appointed, *inter alia*, in order to represent the Bondholders hereunder. The "*rappresentante commune*" is appointed by resolution passed at the Bondholders' meeting. In the event the Bondholders' meeting fails to appoint the "*rappresentante commune*", the appointment will be made by the president of the court of first instance of the venue where the registered office of the Issuer is located at the request of any Bondholder or at the request of the board of directors of the Issuer.

(b) *Modification and waiver*

The Trustee may agree, without the consent of the Bondholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds, the Coupons or these Conditions which in the Trustee's opinion is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) any other modification to the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds, the Coupons or these Conditions (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bond, the Coupons or these Conditions which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders. The Trustee may, without the consent of the Bondholders or Couponholders, determine that an Event of Default should not be treated as such, *provided that*, in the opinion of the Trustee, the interests of Bondholders will not be materially prejudiced thereby. Any such modification, authorisation or waiver shall be binding on the Bondholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Bondholders and the Couponholders promptly in accordance with Condition 17.

(c) *Substitution*

The Trustee may, without the consent of the Bondholders or Couponholders, agree with the Issuer to the substitution in place of the Issuer (or any previous substitute under this paragraph) as the principal debtor under the Bonds, the Coupons and the Trust Deed of any Subsidiary of the Issuer, subject to (a) the Bonds being unconditionally and irrevocably guaranteed by the Issuer, (b) the Bonds continuing to be convertible or exchangeable into Ordinary Shares of the Issuer as provided in these Conditions, (c) the Trustee being satisfied that the interests of the Bondholders will not be materially prejudiced by the substitution, and (d) certain other conditions set out in the Trust Deed being complied with. In the case of such a substitution the Trustee may agree, without the consent of the Bondholders or the Couponholders, to a change of the law governing the Bonds, the Coupons and/or the Trust Deed, *provided that* such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders. Any such substitution shall be binding on the Bondholders and the Couponholders and shall be notified promptly to the Bondholders in accordance with Condition 17.

(d) *Entitlement of the Trustee*

In connection with the exercise of its functions (including but not limited to those referred to in this Condition), the Trustee shall have regard to the interests of the Bondholders as a class and, in particular but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers or discretions for individual Bondholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and the Trustee shall not be entitled to require, nor shall any Bondholder or Couponholder be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders or Couponholders.

15. 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, the Bonds and/or the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Bonds or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution of the Bondholders or so requested in writing by the holders of at least one-quarter in principal amount of the Bonds then outstanding, and (ii) it shall have been indemnified and/or secured to its satisfaction. No Bondholder or Couponholder 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.

16. The Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including relieving it from taking proceedings unless indemnified and/or secured to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely, without liability to Bondholders or Couponholders, on a report, confirmation or certificate of any accountants, auditors, financial advisers or investment bank, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee shall be obliged to accept and be entitled to rely on any such report, confirmation or certificate where the Issuer procures delivery of the same pursuant to its obligation to do so under a condition hereof and such report, confirmation or certificate shall be binding on the Issuer, the Trustee, the Bondholders and the Couponholders in the absence of manifest error.

17. Notices

(a) *Electronic notices*

The Issuer shall publish all notices concerning the Bonds on www.risanamentospa.com and by way of one or more electronic communication systems. It is expected that such notices will be communicated through the electronic communication systems of Bloomberg and/or Reuters. Notices may also be

published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*). Any such notice will be deemed to have been given when so published or dispatched by the Issuer, as the case may be.

(b) *Newspaper notices*

In addition all notices concerning the Bonds shall be published in one leading newspaper in Luxembourg (which is expected to be *d'Wort*) or, if this is not possible, in a leading English language daily 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 other relevant authority on which the Bonds are for the time being listed. Any notices so given will be deemed to have been validly given on the day of its publication on such newspaper.

(c) *Clearing System notices*

In addition, while the Bonds are held in global form through Euroclear and Clearstream, Luxembourg (the “**Clearing Systems**”), the Issuer shall deliver to the Clearing Systems all notices for communication by such Clearing System to the Bondholders. Any such notice will be deemed to have been given on the seventh day following delivery by the Issuer to the Clearing Systems.

(d) *Effectiveness of notices*

A notice effected pursuant to Conditions 17(a) to 17(c) above shall be deemed to be effected on the day on which the first such communication is, or is deemed to be, effective. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Bondholders in accordance with this Condition.

(e) *Notices by Bondholders*

Notices (other than Conversion Notices) to be given by any Bondholder to the Issuer shall be in writing and given by lodging the same with a Paying and Conversion Agent, together with a certificate issued by his custodian (A) stating the full name and address of the Bondholder, (B) specifying an aggregate principal amount of Bonds credited on the date of such statement to such Bondholder's securities account maintained with such custodian and (C) confirming that the custodian has given a written notice to the Clearing System containing the information pursuant to (A) and (B) and bearing acknowledgements of the Clearing System and the relevant Clearing System accountholder that such Bonds are registered in the name of the Clearing System accountholder.

18. Further Issues

The Issuer may, from time to time, without the consent of the Bondholders, create and issue further notes, bonds or debentures either having the same terms and conditions in all respects as the outstanding notes, bonds or debentures of any series (including the Bonds) (or in all respects except for the first payment of interest on them and so that such further issue shall be consolidated and form a single series with the outstanding notes, bonds or debentures of any series (including the Bonds)) or upon such terms as to interest, conversion, premium, redemption and otherwise as the Issuer may determine at the time of their issue. Any further notes, bonds or debentures forming a single series with the outstanding notes, bonds or debentures of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other notes, bonds or debentures may, with the consent of the Trustee, be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of notes, bonds or debentures of other series in certain circumstances.

19. 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.

20. Governing Law and Jurisdiction

(a) *Governing law*

The Trust Deed, the Agency Agreement, the Bonds and the Coupons and all matters arising from or connected therewith are governed by, and shall be construed in accordance with, English law.

(b) *Jurisdiction*

The Issuer has in the Trust Deed (i) submitted irrevocably to the exclusive jurisdiction of the courts of England for the purposes of settling any dispute (a “**Dispute**”) arising from or connected with the Trust Deed or the Bonds; (ii) agreed that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; (iii) agreed that the submission to the courts of England (as described in (i) above) is for the benefit of the Trustee and the Bondholders only, as a result, nothing in the Trust Deed prevents the Trustee or any Bondholder from taking proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction and to the extent allowed by law, the Trustee and Bondholders may take concurrent Proceedings in any number of jurisdictions; and (iv) designated Law Debenture Corporate Services Limited to accept service of any process on its behalf.