

TERMS AND CONDITIONS OF THE BONDS

The following (excluding italicised paragraphs) are the terms and conditions of the Bonds which will be endorsed on the Certificates relating to the Bonds:

The issue of the €400,000,000 Zero-Coupon Equity Linked Bonds (the “**Bonds**”, which expression shall, unless otherwise indicated, include any Further Bonds) of Eni S.p.A (the “**Issuer**”) was authorised by a resolution of the Board of Directors of the Issuer passed on 6 April 2016. The Bonds are constituted by a trust deed (as modified and/or restated from time to time in accordance with its terms) (the “**Trust Deed**”) dated 13 April 2016 and made between the Issuer and BNY Mellon Corporate Trustee Services Limited (the “**Trustee**”, which term shall, where the context so permits, include all other persons for the time being appointed as trustee for the Bondholders) as trustee for the Bondholders. The Issuer has entered into a paying, transfer and conversion agency agreement (the “**Agency Agreement**”) dated 13 April 2016 with the Trustee, The Bank of New York Mellon (Luxembourg) S.A. as registrar, The Bank of New York Mellon, London Branch as principal paying, transfer and conversion agent, and the other paying, transfer and conversion agents named therein. The registrar and the principal paying, transfer and conversion agent and the other paying, transfer and conversion agents for the time being are referred to below, respectively, as the “**Registrar**”, the “**Principal Paying, Transfer and Conversion Agent**” and the “**Paying, Transfer and Conversion Agents**” (which expression shall include the Principal Paying, Transfer and Conversion Agent). The statements in these terms and conditions of the Bonds (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Bonds. The Issuer has also entered into a calculation agency agreement dated 13 April 2016 (the “**Calculation Agency Agreement**”) with Conv-Ex Advisors Limited (the “**Calculation Agent**”, which expression shall include any successor as calculation agent under the Calculation Agency Agreement), whereby the Calculation Agent has been appointed to make certain calculations in relation to the Bonds from time to time.

Copies of the Trust Deed, the Agency Agreement and the Calculation Agency Agreement are available for inspection by Bondholders at the registered office of the Trustee being, as at the Issue Date at One Canada Square, London E14 5AL, United Kingdom and at the specified office(s) of the Paying, Transfer and Conversion Agents. The Bondholders are entitled to the benefit of the Trust Deed and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

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 and Denomination*

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

(b) *Title*

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

2 Status

The Bonds constitute (subject to Condition 3) direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3, at all times rank at least equally with all other unsecured and unsubordinated indebtedness of the Issuer present and future.

3 Negative Pledge

(a) So long as any of the Bonds remain outstanding the Issuer shall not create, incur, guarantee or assume after the date hereof any notes, bonds, debentures or other similar evidences of indebtedness for money borrowed (“**Relevant Debt**”) secured by any mortgage, pledge, security interest, lien or other similar encumbrance (a “**Security Interest**”) on any Principal Property (as defined below) or on any shares of stock or indebtedness of any Restricted Subsidiary (as defined below) (which for the avoidance of doubt shall not include shares in the Issuer), without effectively providing concurrently with the creation, incurrence, guarantee or assumption of such Relevant Debt that the Bonds will be secured equally and rateably with (or prior to) the Relevant Debt, so long as the Relevant Debt will be so secured.

This restriction will not apply to:

- (i) Security Interests on property, shares of stock or indebtedness of any corporation existing at the time it becomes a subsidiary of the Issuer provided that any such Security Interest was not created in contemplation of becoming a subsidiary;
- (ii) Security Interests on property or shares of stock existing at the time of the acquisition thereof by the Issuer or to secure the payment of all or any part of the purchase price thereof or all or part of the cost of the improvement, construction, alteration or repair of any building, equipment or facilities or of any other improvements on all or any part of the property or to secure any Relevant Debt incurred prior to, at the time of, or within 12 months after, in the case of shares of stock, the acquisition of such shares and, in the case of property, the later of the acquisition, the completion of construction (including any improvements, alterations or repairs on an existing property) or the commencement of commercial operation of such property, which Relevant Debt is incurred for the purpose of financing all or any part of the purchase price thereof or all or part of the cost of improvement, construction, alteration or repair thereon;
- (iii) Security Interests on any Principal Property or on shares of stock or indebtedness of any subsidiary of the Issuer, to secure all or any part of the cost of exploration, drilling, development, improvement, construction, alteration or repair of any part of the Principal Property or to secure any Relevant Debt incurred to finance or refinance all or any part of such cost;
- (iv) Security Interests existing on the Issue Date;
- (v) Security Interests on property owned or held by any company or on shares of stock or indebtedness of any entity, in either case existing at the time such company is merged into or consolidated or amalgamated with either the Issuer or any of its subsidiaries, or at the time of a sale, lease or other disposition of the properties of a company as an entirety or substantially as an entirety to the Issuer or any of its subsidiaries;
- (vi) Security Interests arising by operation of law (other than by reason of default);

- (vii) Security Interests to secure Relevant Debt incurred in the ordinary course of business and maturing not more than 12 months from the date incurred;
 - (viii) Security Interests arising pursuant to the specific terms of any licence, joint operating agreement, unitisation agreement or other similar document evidencing the interest of the Issuer or a subsidiary of the Issuer in any oil or gas field and/or facilities (including pipelines), provided that any such Security Interest is limited to such interest;
 - (ix) Security Interests to secure indebtedness for borrowed money incurred in connection with a specifically identifiable project where the Security Interest relates to a Principal Property to which such project has been undertaken and the recourse of the creditors in respect of such Security Interest is substantially limited to such project and Principal Property;
 - (x) Security Interests created in accordance with normal practice to secure Relevant Debt of the Issuer whose main purpose is the raising of finances under any options, futures, swaps, short sale contracts or similar or related instruments which relate to the purchase or sale of securities, commodities or currencies; and
 - (xi) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Security Interests referred to in (i) through (x) of this paragraph, or of any Relevant Debt secured thereby; provided that the principal amount of Relevant Debt secured thereby shall not exceed the principal amount of Relevant Debt so secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement Security Interest shall be limited to all or any part of the same property or shares of stock that secured the Security Interest extended, renewed or replaced (plus improvements on such property), or property received or shares of stock issued in substitution or exchange therefor.
- (b) Notwithstanding the foregoing, the Issuer may create, incur, guarantee or assume Relevant Debt secured by a Security Interest or Security Interests which would otherwise be subject to the foregoing restrictions in an aggregate amount which does not at the time of creation exceed 10 per cent. of the Issuer's consolidated total shareholders' equity (as determined by reference to the most recent audited consolidated financial statements of the Issuer).

The following types of transactions, among others, shall not be deemed to create a Relevant Debt secured by a Security Interest:

- (i) the sale or other transfer, by way of security or otherwise, of (A) oil, gas or other minerals in place or at the wellhead or a right or licence granted by any governmental authority to explore for, drill, mine, develop, recover or get such oil, gas or other minerals (whether such licence or right is held with others or not) for a period of time until, or in an amount such that, the purchaser will realise therefrom a specified amount of money (however determined) or a specified amount of such oil, gas or other minerals, or (B) any other interest in property of the character commonly referred to as "**production payment**";
- (ii) Security Interests on property in favour of the United States or any state thereof, or the Republic of Italy, or the Kingdom of Belgium, or any other country, or any political subdivision of any of the foregoing, or any department, agency or instrumentality of the foregoing, to secure partial progress, advance or other payments pursuant to the provisions of any contract or statute including, without limitation, Security Interests to secure indebtedness of the pollution control or industrial revenue bond type, or to secure any indebtedness incurred for the purpose of financing all or any part of the purchase price or cost of construction of the property subject to such Security Interests; provided that any such Security Interest in favour of any country (other than the United States or the Republic of Italy or the Kingdom of Belgium), or any political

subdivision thereof, or any department, agency or instrumentality of any of the foregoing, shall be restricted to the property located in such country; and

(iii) the issue of notes, bonds, debentures or other similar evidences of indebtedness for money borrowed that are convertible, exchangeable or exercisable for the shares of any Restricted Subsidiary, and any arrangements with respect to such shares entered into in connection with any such issue.

(c) For purposes of this Condition:

(i) “**Principal Property**” means an interest in (A) any oil or gas producing property (including leases, rights or other authorisations to conduct operations over any producing property), (B) any refining or manufacturing plant and (C) any pipeline for the transportation of oil or gas, which in each case under (A), (B) and (C) above, is of material importance to the total business conducted by the Issuer and its subsidiaries as a whole; and

(ii) “**Restricted Subsidiary**” means any subsidiary of the Issuer which owns a Principal Property.

For the avoidance of doubt nothing herein contained shall in any way restrict or prevent the Issuer from incurring or guaranteeing any other indebtedness.

4 **Registration and Transfer of Bonds**

(a) **Registration**

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

(b) **Transfer**

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

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

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

(c) **Formalities Free of Charge**

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

(d) **Closed Periods**

Neither the Issuer nor the Registrar will be required to register the transfer of any Bond (or part thereof) (i) during the period of 15 days ending on and including the day immediately prior to the Final Maturity Date or any earlier date fixed for redemption of the Bonds pursuant to Condition 11(b) or (ii) in respect of which a Conversion Notice has been delivered in accordance with Condition 7(b).

5 Definitions

In these Conditions, unless otherwise provided:

“5 Day VWAP” means, the arithmetic average of the daily Volume Weighted Average Prices of the cum entitlement share on each of the first five Scheduled Trading Days commencing on and including (a) where the relevant Corporate Action is a merger or takeover, the first day after the relevant offer is declared effective by the offeror and the relevant threshold of majority of the outstanding Ordinary Shares (75 per cent. for mandatory offers by law and 50 per cent. + 1 share in all other cases) is met and (b) in all other cases, the date of the announcement that the event leads to the occurrence of the relevant Corporate Action, provided that if there are no such five Scheduled Trading Days prior to the first date on which the share trades ex entitlement (as determined, at any time while there have been no amendments to the Original IDEM Corporate Actions Policy and there are option contracts in relation to the Ordinary Shares traded on the IDEM Market, by Borsa Italiana and, at any time after there has been an amendment to the Original IDEM Corporate Actions Policy or there are no option contracts in relation to the Ordinary Shares traded on the IDEM Market, as determined by the Calculation Agent or an Independent Adviser), the Volume Weighted Average Price of the Ordinary Share for any Scheduled Trading Day on or after the first date on which the share trades ex entitlement (such date being determined as aforesaid) will be first increased by the Fair Market Value of the entitlement on such day before it is used in the calculation of the arithmetic average.

“20 Day VWAP” means, the arithmetic average of the daily Volume Weighted Average Prices of the cum entitlement share on each of the first 20 Scheduled Trading Days commencing on and including (a) where the relevant Corporate Action is a merger or takeover, the first day after the relevant offer is declared effective by the offeror and the relevant threshold of majority of the outstanding Ordinary Shares (75 per cent. for mandatory offers by law and 50 per cent. + 1 share in all other cases) is met, (b) in relation to an early redemption of the Bonds pursuant to Condition 11(c), or a Nationalisation, Change in Law or Delisting, the Relevant Announcement Date and (c) in all other cases, the date of the announcement that the event leads to the occurrence of the relevant Corporate Action, provided that if there are no such 20 Scheduled Trading Days prior to the first date on which the share trades ex entitlement (as determined, at any time while there have been no amendments to the Original IDEM Corporate Actions Policy and there are option contracts in relation to the Ordinary Shares traded on the IDEM Market, by Borsa Italiana and, at any time after there has been an amendment to the Original IDEM Corporate Actions Policy or there are no option contracts in relation to the Ordinary Shares traded on the IDEM Market, as determined by the Calculation Agent or an Independent Adviser), the Volume Weighted Average Price of the share for any Scheduled Trading Day on or after the first date on which the share trades ex entitlement (such date being determined as aforesaid) will be first increased by the Fair Market Value of the entitlement on such day before it is used in the calculation of the arithmetic average.

“Adjusted Cash Amount” has the meaning given to it in Condition 7(d)(ii).

“Adjusted Early Redemption Amount” has the meaning given to it in Condition 7(d)(ii).

“Averaging Date” has the meaning given to it in Condition 7(d)(v).

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

“Bond Market Price” means, in respect of any Scheduled Trading Day, the market price per €100,000 principal amount of the Bonds, being the Bloomberg Generic Price (setting “Last Price”, or any successor setting) per €100,000 principal amount of the Bonds as derived from Bloomberg page: XS1394957309 Corp HP as at the close of business on such Scheduled Trading Day, as determined by the Calculation Agent (or, if such Bloomberg page is not available on such day, as derived by the Calculation Agent from any substitute Bloomberg page or from any successor to Bloomberg, if any, or in any case, as derived from any other public source providing substantially similar data to such Bloomberg page as an Independent Adviser shall consider appropriate, or failing such source from such other source displaying trading prices in respect of the Bonds provided by leading institutions as an Independent Adviser shall consider appropriate); provided that if, in the opinion of the Issuer, the relevant quotation of the Bloomberg Generic Price or, as the case may be, the quotation on any successor page or service or other public source is materially different from the reality of traded prices, an Independent Adviser will determine the Bond Market Price in such other commercially reasonable manner as the Issuer and such an Independent Adviser may agree (or, in the absence of agreement, in such manner as may be determined by the Independent Adviser).

“Borsa Italiana” means Borsa Italiana or its successor as the operator of the IDEM Market.

“business day” means, in relation to any place, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments generally in such place.

“Calculation Period” has the meaning given to it in Condition 7(d).

“Cash Amount” has the meaning given to it in Conditions 7(d)(i) and 7(d)(ii).

“Cash Dividend” has the meaning given to it in Condition 8(a)(iv).

“Change in Law” means that, as determined by the Issuer, on or after the issue of the Bonds (A) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or (B) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer or a Hedging Counterparty determines in good faith that (X) it has become illegal to hold, acquire or dispose of Ordinary Shares, or (Y) it will incur a materially increased cost in performing its obligations under, or effecting or maintaining any hedge in connection with, in the case of the Issuer, the Bonds or a Hedge Position or, in the case of a Hedging Counterparty, a Hedge Position (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position), however, any such materially increased amount that is incurred solely as a result of the deterioration of the creditworthiness of a Hedging Counterparty shall not be deemed a materially increased cost for the purposes of this definition of Change in Law; provided that, where the Change in Law relates to the Hedge Position, a notice determining an early termination date for the Hedge Position as a result of the Change in Law has been given.

“Closing Price” means, in respect of an Ordinary Share or any Security, option, warrant or other right or asset, on any Scheduled Trading Day, the closing price on such day of an Ordinary Share or, as the case may be, such Security, option, warrant or other right or asset on such Scheduled Trading Day as published by or derived from (a) in the case of an Original Ordinary Share where the Milan Stock Exchange constitutes the Relevant Stock Exchange in respect thereof, Bloomberg page ENI IM Equity HP) (using the setting labelled “Last Price” or any equivalent successor label to this setting) or (b) in the case of an Original Ordinary Share where the Milan Stock Exchange no longer constitutes the Relevant Stock Exchange in respect thereof, or, as the case may be, any other Ordinary Share, Security, option, warrant or other right or asset, the equivalent Bloomberg page and setting in respect of the Relevant Stock Exchange for such Original Ordinary Share, or, as the case may be, such other Ordinary Share, Security, option, warrant or other right or asset (all as determined by the Calculation Agent), if any or, in any such case, such other source as shall be determined to be appropriate by an Independent Adviser on such day; provided that, if on any such Scheduled Trading Day

(the “**Affected Closing Price Scheduled Trading Day**”) such price is not available or cannot otherwise be determined as provided above, the Closing Price an Ordinary Share, Security, option, warrant or other right or asset, as the case may be, in respect of such day shall be the Closing Price, determined as provided above, on the immediately preceding Scheduled Trading Day on which the same can be so determined as aforesaid, and further provided that if the Closing Price cannot be so determined on each of the five Scheduled Trading Days immediately preceding the Affected Closing Price Scheduled Trading Day, an Independent Adviser shall determine the Closing Price in good faith.

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

“**Conversion Notice**” has the meaning given to it in Condition 7(b).

“**Conversion Period**” has the meaning given to it in Condition 7(a)(ii).

“**Conversion Premium**” means 35 per cent.

“**Conversion Price**” per Ordinary Share is initially equal to the Share Reference Price multiplied by the sum of one plus the Conversion Premium expressed as a decimal (rounded to four decimal places, with 0.00005 being rounded upwards). The Conversion Price will be adjusted from time to time in accordance with these Conditions.

“**Conversion Ratio**” means, on any day, the result (rounded to four decimal places with 0.00005 being rounded upwards) of the division of €100,000 principal amount of the Bonds by the Conversion Price in effect on such day.

“**Conversion Right**” has the meaning given to it in Condition 7(a)(i).

“**Corporate Action**” has the meaning given to it in Condition 8(b).

“**Daily Cash Amount**” and “**DCA**”, have the respective meanings given to them in Conditions 7(d)(i) and 7(d)(ii).

“**Delisting**” means that, as determined by the Calculation Agent, the Relevant Stock Exchange announces that pursuant to the rules of such Relevant Stock Exchange, the Ordinary Shares cease (or will cease) to be listed, traded or publicly quoted on the Relevant Stock Exchange for any reason (other than by reason of a merger or takeover (as contemplated by the Original IDEM Corporate Actions Policy)) and are not, within seven calendar days, re-listed, re-traded or re-quoted on a stock exchange or securities market located in the United States, Hong Kong, Singapore, any member state of the European Union or any other OECD member state.

“**Disrupted Day**” means any Scheduled Trading Day on which the Relevant Stock Exchange or Related Exchange fails to open for trading at any time during the regular trading session or on which a Market Disruption Event has occurred, as determined by the Calculation Agent.

“**Dividend**” has the meaning given to it in Condition 8(a)(iv).

“**Dividend Threshold**” has the meaning given to it in Condition 8(a)(iv).

“**Early Redemption Amount**” means, in respect of each €100,000 principal amount of the Bonds, the higher of (i) €100,000; and (ii) the value per Bond of such principal amount on the Relevant Announcement Date as determined by an Independent Adviser in good faith using a volatility of the Ordinary Shares of 27 per cent. and also taking into account, *inter alia*, (i) the 20 Day VWAP of the Ordinary Share, provided that if a 20 Day VWAP cannot be determined due to prices being available for a shorter period of time only, a price determined based on the definition of 20 Day VWAP but construing references to 20 Scheduled Trading Days as references to such shorter period of time for which prices are available and further provided that if no such prices are available, the Share Price on the Relevant Announcement Date shall be taken into account, (ii) the yield to maturity of the senior unsecured bonds of the Issuer with a similar final maturity date to the Bonds

and (iii) any other market parameter the Independent Adviser deems in good faith to be relevant for the valuation of the Bonds on the Relevant Announcement Date.

“**Early Redemption Date**” means the 30th Scheduled Trading Day following the Relevant Announcement Date.

“**Event of Default**” has the meaning given to it in Condition 14.

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

“**Fair Market Value**” means, with respect to any property on any date:

- (i) in the case of a Cash Dividend, the amount of such Cash Dividend, as determined by the Calculation Agent;
- (ii) in the case of any other cash amount, the amount of such cash, as determined by the Calculation Agent;
- (iii) in the case of Securities (including Ordinary Shares), Spin-Off Securities, options, warrants or other rights or assets that are publicly traded on a Relevant Stock Exchange of adequate liquidity (as determined by the Calculation Agent or Independent Adviser), the arithmetic mean of (a) in the case of Ordinary Shares or (to the extent constituting equity share capital) Spin-Off Securities, the daily Volume Weighted Average Prices of such Ordinary Shares or (to the extent constituting equity share capital) Spin-Off Securities and (b) in the case of other Securities (other than Ordinary Shares or (to the extent constituting equity share capital) Spin-Off Securities), options, warrants or other rights or assets, the daily Closing Price of such Securities, options, warrants or other rights or assets, in the case of both (a) and (b) during the period of five Scheduled Trading Days on the Relevant Stock Exchange for such Securities, Spin-Off Securities, options, warrants or other rights or assets commencing on such date (or, if later, the first such Scheduled Trading Day on which such Securities, Spin-Off Securities, options, warrants or other rights or assets are publicly traded) or such shorter period as such Securities, Spin-Off Securities, options, warrants or other rights or assets are publicly traded;
- (iv) in the case of Securities (including Ordinary Shares), Spin-Off Securities, options, warrants or other rights or assets that are not publicly traded on a Relevant Stock Exchange of adequate liquidity (as aforesaid), the fair market value of such Securities, Spin-Off Securities, options, warrants or other rights or assets as determined by an Independent Adviser on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Ordinary Share, the dividend yield of an Ordinary Share, the volatility of such market price, prevailing interest rates and the terms of such Securities, Spin-Off Securities, options, warrants or other rights or assets, including as to the expiry date and exercise price (if any) thereof.

Such amounts shall (A) in the case of (i) above, be translated into the Relevant Currency, if declared or paid or payable in a currency other than the Relevant Currency (and if the relevant dividend is payable at the option of the Issuer or a Shareholder in any currency additional to the Relevant Currency, the relevant dividend shall be treated as payable in the Relevant Currency), at the rate of exchange (if any) used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the Cash Dividend in the Relevant Currency; and (B) in any other case, be translated into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Prevailing Rate on that date, all as determined by the Calculation Agent. In addition, the Fair Market Value shall be determined by the Calculation Agent on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit.

“**Final Maturity Date**” means 13 April 2022.

“**Further Bonds**” means any Further Bonds issued pursuant to Condition 22 and consolidated and forming a single series with the then outstanding Bonds.

“**Hedging Counterparty**” means a party to a Hedge Position.

“**Hedge Position**” means a transaction or asset the Issuer and/or any relevant Subsidiary of the Issuer deems appropriate to hedge the equity price risk of entering into and performing its obligations in connection with the Bonds or with respect to an option contract under which the Issuer and/or any such Subsidiary seeks to hedge its equity price risk relating to the Bonds which, for the avoidance of doubt includes any physical hedge positions.

“**IDEM Market**” means the Italian derivatives market of Borsa Italiana or its successor or any substitute exchange to which trading in option contracts relating to the Ordinary Shares has temporarily or permanently relocated, as determined by the Calculation Agent.

“**Independent Adviser**” means an independent adviser, which may be the initial Calculation Agent (as may be agreed at the relevant time between the Issuer and the initial Calculation Agent), appointed by the Issuer at its own expense and (other than where the initial Calculation Agent is appointed in such Independent Adviser capacity) approved in writing by the Trustee or, if the Issuer fails to make such appointment and such failure continues for a reasonable period (as determined by the Trustee in its sole discretion) and the Trustee is indemnified and/or secured and/or prefunded to its satisfaction against the liabilities, costs, fees and expenses of such adviser and otherwise in connection with such appointment, appointed by the Trustee (without liability for so doing) following notification thereof to the Issuer.

“**Issue Date**” means 13 April 2016.

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

“**Nationalisation**” means that, as determined by the Calculation Agent, all the Ordinary Shares or all or substantially all the assets of the Issuer are (or are to be) nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof.

“**Non Cash Dividend**” has the meaning given to it in Condition 8(a)(iv).

“**Optional Redemption Date**” has the meaning given to it in Condition 11(b).

“**Optional Redemption Notice**” has the meaning given to it in Condition 11(b).

“**Ordinary Share**” means initially one fully paid ordinary shares in the capital of the Issuer (the “**Original Ordinary Share**”) without nominal value, on the Issue Date, and, following any adjustment made by Borsa Italiana following a corporate event (other than an event which is a Cash Dividend or Non Cash Dividend) in accordance with the Replacement Method (as defined in Condition 8(b)(ii)), the package of Securities determined by Borsa Italiana (or, if no relevant option contracts are traded on the IDEM Market, by an Independent Adviser in accordance with these Conditions following a Corporate Action (other than a Corporate Action which is a Cash Dividend or Non Cash Dividend)) to become (or, where an Independent Adviser makes the determination, that would reasonably have been expected to become, if there were relevant option contracts traded on the IDEM Market or if the Original IDEM Corporate Actions Policy had not been amended) the underlying shares for the purposes of option contracts in relation to which the Original Ordinary Shares were the underlying shares on the Issue Date in the place of one Ordinary Share.

“**Original IDEM Corporate Actions Policy**” means the guidelines for the adjustments on options, futures and dividend futures on stocks contracts traded on the IDEM Market in the case of corporate actions on their underlying shares in effect at the Issue Date.

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

“**Prevailing Rate**” means (in each case as determined by the Calculation Agent):

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

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

“**Record Date**” has the meaning given to it in Condition 12.

“**Register**” has the meaning given to it in Condition 4(a).

“**Relevant Announcement Date**” means (i) in respect of an early redemption of the Bonds pursuant to Condition 11(c), the date of announcement of a termination of any option contract in respect of the Ordinary Shares traded on the IDEM Market, (ii) in respect of a Nationalisation, the date of the first public announcement to nationalise (whether or not subsequently amended) that leads to the Nationalisation, (iii) in respect of a Change in Law, the next day after the Issuer determines that a Change in Law has occurred and (iv) in the case of a Delisting, the date of the first public announcement by the Relevant Stock Exchange that the Ordinary Shares will cease to be listed, traded or publicly quoted, whichever is earlier. If such announcement is made after the actual closing time of the Relevant Stock Exchange, without regard to any after hours or any other trading outside of such regular trading session hours, the Relevant Announcement Date shall be deemed to be the next following Scheduled Trading Date.

“**Relevant Conversion Ratio**” means, in respect of any day, the result (rounded to four decimal places with 0.00005 being rounded upwards) of the division of the aggregate principal amount of Bonds in respect of which the relevant Bondholder has exercised Conversion Rights by the Conversion Price in effect on such day, as determined by the Calculation Agent.

“**Relevant Currency**” means euro or, if at the relevant time or for the purposes of the relevant calculation or determination, euro is no longer the currency in which the Ordinary Share are quoted or dealt in on the Relevant Stock Exchange, the currency in which the Ordinary Shares are quoted or dealt in on the Relevant Stock Exchange at such time.

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

- (a) the date on which payment in respect of it first becomes due; and
- (b) if any payment is improperly withheld or refused the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days following the date on which notice is duly given by the Issuer to the Bondholders in accordance with Condition 21 that such payment will be made, provided that such payment is in fact made as provided in these Conditions.

“**Relevant Page**” means the relevant page on Bloomberg or such other information service provider that for the time being displays the relevant information, as determined by the Calculation Agent or an Independent Adviser, as the case may be.

“**Relevant Period**” has the meaning given to it by Condition 8(a)(iv).

“**Relevant Stock Exchange**” means (i) in the case of the Original Ordinary Shares, the Milan Stock Exchange or, if at the relevant time the Original Ordinary Shares are not at that time listed and admitted to trading on the Milan Stock Exchange, the principal stock exchange or securities market on which the Original Ordinary Shares are then listed, admitted to trading or quoted or dealt in and (ii) in the case of any other Securities, the principal stock exchange or securities market on which such Securities are then listed, admitted to trading or quoted or dealt in.

“**Scheduled Trading Day**” means any day on which the Relevant Stock Exchange and the IDEM Market are both scheduled to be open for trading for their respective regular trading sessions, all as set out in the respective trading calendars as first published by the Relevant Stock Exchange and Borsa Italiana in respect of the year in which such day is falling.

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

“**Settlement Date**” means, in respect of a Conversion Date, the third Milan business day following the last Averaging Date relating to such Conversion Date.

“**Settlement Cycle**” means the period of trading days following a trade in the Ordinary Shares on the Relevant Stock Exchange in which settlement will customarily occur according to the rules of the Relevant Stock Exchange.

“**Share Price**” means the Volume Weighted Average Price of an Ordinary Share on the relevant Scheduled Trading Day.

“**Share Reference Price**” means the simple arithmetic average (rounded to four decimal places with 0.00005 being rounded upwards) of the daily Share Price on each of the seven consecutive Scheduled Trading Days which are not Disrupted Days commencing on and including 7 April 2016, as determined by the Calculation Agent and notified by the Issuer to the Bondholders as soon as practicable (and in any event within five Milan business days) following such determination (such notice shall be given in accordance with Condition 21 and shall specify the Share Reference Price, the resulting Conversion Price, the initial Conversion Ratio based on that Conversion Price and the Dividend Threshold in respect of each Relevant Period for the purposes of Condition 8(a)(iv)).

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

“**Spin-Off**” has the meaning given to it in Condition 8(a)(iv).

“**Spin-Off Securities**” has the meaning provided by Condition 8(a)(iv).

“**Subsidiary**” means in relation to any person at any time, a company, body corporate, corporation, association or other business entity (a) 50 per cent. or more of the Voting Rights of which is at the relevant time directly or indirectly owned or controlled by such person or (b) whose affairs and policies at such time such person controls or has the power to control, whether by ownership of Voting Rights, share capital, contract, the power to appoint and remove members of the board of directors or others governing body or otherwise or (c) whose financial statements are at such time, in accordance with applicable law and generally accepted accounting principles, consolidated with such person’s financial statements.

“**TARGET Business Day**” means a day on which the TARGET System is open for the settlement of payments in euro.

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

“**Tax Redemption Date**” has the meaning given to it in Condition 11(b)(ii).

“**Tax Redemption Notice**” has the meaning given to it in Condition 11(b)(ii).

“**Volume Weighted Average Price**” means, in respect of an Ordinary Share or Security on any Scheduled Trading Day, the volume-weighted average price of an Ordinary Share or Security published by or derived (in the case of an Original Ordinary Share where the Milan Stock Exchange constitutes the Relevant Stock Exchange in respect thereof) from Bloomberg page ENI IM Equity AQR AUTO (or any successor page or setting displaying the volume weighted average price for “Automated Trades” (or any successor labelling)) or (in the case of a Security (other than Original Ordinary Shares where the Milan Stock Exchange constitutes the Relevant Stock Exchange in respect thereof), options, warrants or other rights or assets) from the equivalent Bloomberg page for such Securities, options, warrants or other rights or assets in respect of the Relevant Stock Exchange in respect thereof, in each case, as determined by the Calculation Agent, or, in case there is no such Bloomberg page as aforesaid, such other source (if any) as shall be determined in good faith to be appropriate by an Independent Adviser on such Scheduled Trading Day, provided that if on any such Scheduled Trading Day (the “**Affected VWAP Scheduled Trading Day**”) such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an Ordinary Share, Security, option, warrant or other right or asset, as the case may be, in respect of such Scheduled Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately succeeding Scheduled Trading Day on which the same can be so determined, and further provided that if the Volume Weighted Average Price cannot be so determined on each of the five Scheduled Trading Days immediately succeeding the Affected VWAP Scheduled Trading Day, an Independent Adviser shall determine the Volume Weighted Average Price in good faith.

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

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

References to any issue or offer or grant to Shareholders “**as a class**” 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 or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

Any determination by the Calculation Agent or an Independent Adviser appointed by the Issuer or, as the case may be, the Trustee in any of the circumstances contemplated in these Conditions shall (save in the case of a manifest error) be final and binding on the Issuer, the Trustee and the Bondholders.

6 Interest

The Bonds do not bear interest.

7 Conversion of Bonds

(a) *Conversion Period and Conversion Price*

- (i) The Issuer grants to each Bondholder the right (the “**Conversion Right**”) exercisable at any time during any Conversion Period to require the Bond(s) held by it to be purchased in accordance with the provisions of Condition 7(d).

- (ii) *Conversion Period*

“**Conversion Period**” means each of:

- (A) the period from and including 1 October 2021 to and including the Scheduled Trading Day immediately preceding the 29th Scheduled Trading Day before the Final Maturity Date (subject to any earlier expiry of the Conversion Period in the circumstances described in Condition (B)(I) below); and
- (B) any of the following periods occurring after 24 May 2016 and prior to and excluding the 29th Scheduled Trading Date before the Final Maturity Date:
- (I) if the Issuer declares the Bonds due for early redemption pursuant to Condition 11(b)(i) the period from and including the date on which the Optional Redemption Notice is published up to and including the eighth Scheduled Trading Day preceding the Optional Redemption Date;
 - (II) if any Event of Default occurs and is continuing, the period from and including the date on which such Event of Default occurs to but excluding the date (if any) on which the relevant Bonds are declared due and payable pursuant to Condition 14 or, if earlier, the date the relevant Event of Default ceases to be continuing; and
 - (III) if a Parity Event occurs, the period of 10 consecutive Scheduled Trading Days commencing on and including the first Scheduled Trading Day following the day on which notice is given by the Issuer to Bondholders as provided below; provided that, if on each Scheduled Trading Day falling in any Reference Period no Bond Market Price is available from the relevant Bloomberg page or such other source referred to in the definition of Bond Market Price then an Independent Adviser shall, not later than the fifth Scheduled Trading Day following the Bond Price Determination Date, determine in good faith the market price per €100,000 principal amount of the Bonds as at the Bond Price Determination Date and if such price is less than the Adjusted Parity Value as at the Bond Price Determination Date (an “**IA Parity Event**”), as determined by the Calculation Agent, then Bondholders will be entitled to exercise Conversion Rights during a period of 30 Scheduled Trading Days commencing on and including the first Scheduled Trading Day following the giving of notice by the Issuer to Bondholders as provided below.

In these Conditions:

“**Adjusted Parity Value**” means, in respect of any Scheduled Trading Day, 97 per cent. of the Parity Value in effect on each such Scheduled Trading Day;

“**Bond Price Determination Date**” means the second Scheduled Trading Day following the end of the relevant Reference Period;

A “**Parity Event**” shall occur in relation to each Reference Period during which on each Scheduled Trading Day of such Reference Period the Bond Market Price on such Scheduled Trading Day is less than the Adjusted Parity Value in effect on each such Scheduled Trading Day, as determined by the Calculation Agent;

“**Parity Value**” means, in respect of any Scheduled Trading Day, the product of the Share Price on such Scheduled Trading Day and the Conversion Ratio on such Scheduled Trading Day, as determined by the Calculation Agent; and

“**Reference Period**” means the period of 10 consecutive Scheduled Trading Days commencing on and including the second Scheduled Trading Day following any Notification Date.

(iii) *Notice and Monitoring*

The Issuer shall as soon as reasonably practicable, and in any event within five Milan business days of the relevant event, give notice to Bondholders if an event described in Condition 7(a)(ii)(B)(II) has occurred.

Neither the Issuer nor the Calculation Agent will be required to monitor the Bond Market Price or perform any related calculations to verify whether a Parity Event or IA Parity Event has occurred unless a Bondholder provides the Issuer in writing (and the date on which such written notification is made to the Issuer shall be the “**Notification Date**”) with the elements reasonably necessary to support that either (i) no Bond Market Price was available from the relevant Bloomberg page or such other source referred to in the definition of Bond Market Price, or (ii) the Bond Market Price was less than the Adjusted Parity Value, in each case in respect of each Scheduled Trading Day over a period of five consecutive Scheduled Trading Days ending no earlier than the fifth Scheduled Trading Day before the Notification Date. In any such case, the Calculation Agent shall verify, as provided above, whether a Parity Event or IA Parity Event has occurred in respect of the relevant Reference Period, and, if a Parity Event or IA Parity Event has occurred in respect of such relevant Reference Period, the Issuer will give notice to the Bondholders in accordance with Condition 21 of the occurrence of such Parity Event or IA Parity Event no later than (x) in the case of a Parity Event, the first Scheduled Trading Day immediately following the Bond Price Determination Date and (y) in the case of an IA Parity Event, the first Scheduled Trading Day immediately following the day on which an Independent Adviser has determined the market price per €100,000 principal amount of the Bonds as at the Bond Price Determination Date as provided above.

(iv) *Acceleration*

Conversion Rights may not be exercised in respect of any Bond following the giving of notice by the Trustee that such Bond is immediately due and payable pursuant to Condition 14.

(b) *Procedure for Exercise of Conversion Rights*

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

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

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

A Conversion Notice, once delivered, shall be irrevocable.

The conversion date in respect of a Bond (the “**Conversion Date**”) shall be the business day in Milan immediately following the date of the delivery of the relevant Certificate and the Conversion Notice as provided in this Condition 7(b).

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

(c) *Purchase of the converted Bond(s) by the Issuer*

Upon the valid exercise of Conversion Rights by a Bondholder, the Issuer will purchase the relevant Bond(s) at the Cash Amount calculated in accordance with Condition 7(d)(i) (subject to and as otherwise provided in Conditions 7(d)(ii) and 7(d)(iii)).

All Bonds purchased by or on behalf of the Issuer may be cancelled or, at the Issuer’s option, may be held, resold or reissued.

(d) *Cash Amount and Adjusted Cash Amount*

(i) Upon any exercise of Conversion Rights with respect to one or more Bonds, the Issuer shall pay, as consideration for purchasing the relevant Bonds, the Cash Amount to the converting Bondholder on the relevant Settlement Date, subject to the provisions of Condition 7(d)(ii) and 7(d)(iii).

“**Calculation Period**” means, for the purposes of this Condition 7(d)(i), the period of 20 consecutive Scheduled Trading Days commencing on (and including) the seventh Scheduled Trading Day immediately following the relevant Conversion Date, and

“**Cash Amount**” means, the sum (rounded to two decimal places with €0.005 being rounded upwards) of the Daily Cash Amounts calculated in respect of each Averaging Date, where, for the purposes of this Condition 7(d)(i), “**Daily Cash Amount**” or “**DCA**” means, in respect of an Averaging Date (n), an amount in euro calculated by the Calculation Agent in accordance with the following formula:

$$DCA = \frac{1}{N} \times RCR_n \times P_n$$

Where:

N = 20;

P_n = the Share Price on the nth Averaging Date; and

RCR_n = the Relevant Conversion Ratio in effect on the nth Averaging Date.

(ii) If following the valid exercise by a Bondholder of its Conversion Right and prior to the relevant Settlement Date an event occurs as a result of which the relevant Bonds would otherwise fall to be redeemed in accordance with Condition 10 or 11(c) had the Bondholder not exercised its Conversion Right in respect of them, then in circumstances where the Relevant Announcement Date falls after the commencement of the Calculation Period (which for this purpose shall have the meaning given in paragraph (i) above) but before the last Averaging Date in respect of such Calculation Period, the Issuer shall pay, as consideration for purchasing such Bonds (having the meaning as aforesaid), the Adjusted Cash Amount and the Adjusted Early Redemption Amount (and not the Cash Amount) on the Early Redemption Date.

“**Calculation Period**” means, for the purposes of this Condition 7(d)(ii), the period commencing on (and including) the seventh Scheduled Trading Day immediately following the relevant Conversion Date and ending on (and including) the Relevant Announcement Date, and

“**Adjusted Cash Amount**” means, the sum (rounded to two decimal places with €0.005 being rounded upwards) of the Daily Cash Amounts calculated in respect of each Averaging Date, where, for the purposes of this Condition 7(d)(ii), “**Daily Cash Amount**” or “**DCA**” means, in respect of an Averaging Date (n), an amount in euro calculated by the Calculation Agent in accordance with the following formula:

$$DCA = \frac{1}{N} \times RCR_n \times P_n \times \frac{N}{20}$$

Where:

N = the number of Averaging Dates in the Calculation Period;

P_n = the Share Price on the nth Averaging Date; and

RCR_n = the Relevant Conversion Ratio in effect on the nth Averaging Date.

“**Adjusted Early Redemption Amount**” means, in respect of each €100,000 principal amount of Bonds, the Early Redemption Amount multiplied by $(1 - \frac{N}{20})$.

- (iii) If following the valid exercise by a Bondholder of its Conversion Right and prior to the relevant Settlement Date an event occurs as a result of which the relevant Bonds would otherwise fall to be redeemed in accordance with Condition 10 or 11(c) had the Bondholder not exercised its Conversion Right in respect of them, then in circumstances where the Relevant Announcement Date falls on or prior to the commencement of the Calculation Period (which for this purpose shall have the meaning given in paragraph (i) above), the Issuer shall pay, as consideration for purchasing such Bonds, the Early Redemption Amount (and not the Cash Amount) on the Early Redemption Date.
- (iv) In the case of a valid exercise by a Bondholder of its Conversion Right in circumstances where the Relevant Announcement Date falls on or after the last Averaging Date (as defined in paragraph (v)(A) for the purposes of Condition 7(d)(i)), the provisions of Condition 7(d)(i) shall apply in respect of such exercise.
- (v) “**Averaging Date**” means (A) for the purposes of Condition 7(d)(i), each Scheduled Trading Day in the relevant Calculation Period, provided that if any such Averaging Date would fall on a day that is a Disrupted Day, then such Averaging Date shall be subject to adjustment as set out in Condition 9 (and for the avoidance of doubt, such adjusted Averaging Date may fall outside the Calculation Period), and (B) for the purposes of Condition 7(d)(ii), each Scheduled Trading Day in the relevant Calculation Period that is not a Disrupted Day (and for the avoidance of doubt, any Scheduled Trading Day in the relevant Calculation Period that is a Disrupted Day shall be disregarded, and shall therefore neither constitute an Averaging Date nor consequently be subject to Condition 9).
- (vi) Any payment to a Bondholder pursuant to this Condition 7(d) will be made by transfer to a euro account with a bank in a city which banks have access to the TARGET System, as specified by the relevant Bondholder in the relevant Conversion Notice.

(e) *Purchase or Redemption of Ordinary Shares*

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

(f) No Duty to Monitor

Neither the Calculation Agent, the Trustee nor any Paying, Transfer and Conversion Agent shall be under any duty to monitor whether any event or circumstance has happened or exists or may happen or exist and which requires or may require an adjustment to be made to the Conversion Price or Ordinary Share (pursuant to the definition thereof) and neither will be responsible or liable to the Bondholders for any loss arising from any failure by it to do so, and neither shall the Trustee, the Calculation Agent nor any Paying, Transfer and Conversion Agent be responsible or liable to any person (other than, in the case of the Calculation Agent, to the Issuer pursuant and subject to the relevant provisions of the Calculation Agency Agreement) for any determination of whether or not an adjustment to the Conversion Price or Ordinary Shares (as aforesaid) is required or should be made, nor as to the determination or calculation of any such adjustment.

(g) Share Option Schemes, Dividend Reinvestment Plans

No adjustment will be made to the Conversion Price or Ordinary Share (pursuant to the definition thereof) where Ordinary Shares or other Securities are issued, offered, exercised, allotted, purchased, 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 of the Ordinary Shares or any subsidiary or any associated company or to a trustee or trustees to be held for the benefit of any such person, in any such case pursuant to any share or option scheme or pursuant to any dividend reinvestment plan or similar plan or scheme.

8 Adjustment of Conversion Price or Ordinary Shares

(a) The Calculation Agent (or, to the extent specified in these Conditions, an Independent Adviser) will adjust the Conversion Price and/or the Ordinary Shares as follows:

(i) Adjustments to the Conversion Price and/or Ordinary Shares shall be made pursuant to the Original IDEM Corporate Actions Policy, as follows:

(A) If any Corporate Action of the kind specified in Condition 8(b) occurs and option contracts in respect of the Ordinary Shares are traded on the IDEM Market and:

(I) at any time while there have been no amendments to the Original IDEM Corporate Actions Policy, Borsa Italiana adjusts such option contracts; or

(II) at any time after there has been an amendment to the Original IDEM Corporate Actions Policy:

(a) in the case of a Corporate Action which constitutes a free share capital increase (pursuant to Condition 8(b)(iii)(2)(A)), a stock split or reverse stock split (pursuant to Condition 8(b)(iii)(2)(B)) or a capital increase with pre-emptive rights (pursuant to Condition 8(b)(iii)(2)(C)), where the Calculation Agent determines in its sole discretion it is capable of making such determination in its capacity as Calculation Agent, the Calculation Agent (or, at the

election of the Issuer in its sole discretion, an Independent Adviser); and

(b) in any other case, an Independent Adviser,

determines that it would reasonably have been expected that Borsa Italiana would have adjusted such option contracts pursuant to the Original IDEM Corporate Actions Policy,

then the Calculation Agent shall (as the case may be, on the basis of a determination made by an Independent Adviser as aforesaid), with effect as of the same date, adjust the Conversion Price or, as the case may be, Ordinary Shares (pursuant to the definition thereof), as provided in Condition 8(c); provided that in relation to the distribution to Shareholders of a Cash Dividend or a Non Cash Dividend (each as defined in Condition 8(a)(iv)), the Calculation Agent shall make the adjustments as set out in Condition 8(a)(ii) and further provided that in relation to Delisting and Nationalisation, the Bonds will be redeemed in accordance with Condition 10 instead of an adjustment being made under the IDEM Corporate Actions Policy.

(B) If any Corporate Action of the kind specified in Condition 8(b) occurs and no option contracts in respect of the Ordinary Shares are traded on the IDEM Market:

(I) in the case of a Corporate Action which constitutes a free share capital increase (pursuant to Condition 8(b)(iii)(2)(A)), a stock split or reverse stock split (pursuant to Condition 8(b)(iii)(2)(B)) or a capital increase with pre-emptive rights (pursuant to Condition 8(b)(iii)(2)(C)), where the Calculation Agent determines in its sole discretion it is capable of making such determination in its capacity as Calculation Agent, the Calculation Agent; and

(II) in any other case, an Independent Adviser,

shall determine what adjustments (if any), to the Conversion Price or, as the case may be, Ordinary Shares (pursuant to the definition thereof), as provided in Condition 8(c) on the basis of adjustments that would have been made pursuant to the Original IDEM Corporate Actions Policy if option contracts in respect of Ordinary Shares had been traded on the IDEM Market at the relevant time, and the Calculation Agent shall (as the case may be, on the basis of a determination made by an Independent Adviser as aforesaid), with effect as of the same date, adjust the Conversion Price or, as the case may be, Ordinary Shares (pursuant to the definition thereof). For this purpose, Condition 8(c) shall be construed *mutatis mutandis*, provided that in relation to the distribution to Shareholders of a Cash Dividend or a Non-Cash Dividend (each as defined in Condition 8(a)(iv)), the Calculation Agent, or as the case may be, an Independent Adviser as aforesaid, shall make the adjustments as set out in Condition 8(a)(ii) and further provided that in relation to Delisting and Nationalisation, the Bonds will be redeemed in accordance with Condition 10 instead of an adjustment being made under the IDEM Corporate Actions Policy.

(C) Following any adjustment effected pursuant to Condition 8(a)(i)(A) or Condition 8(a)(i)(B), the Issuer may request an Independent Adviser to determine, subject to the requirements that:

(I) the Issuer considers an amendment reasonably necessary; and

- (II) no amendment may be made which would, in the Trustee’s opinion, impose more onerous obligations on it or expose it to any increased or additional liabilities without its consent,

what amendments (if any) to these Conditions, the Trust Deed and any other relevant documents are appropriate in order to reflect the commercial terms of the adjustment, provided that such adjustment is of a technical nature.

Upon any such determination being made by an Independent Adviser (upon which determination the Trustee shall rely absolutely) and notified by the Issuer to the Trustee, the Issuer and the Trustee shall, pursuant to the terms of the Trust Deed and without the consent of the Bondholders, effect any necessary consequential changes to these Conditions and the Trust Deed and any other relevant documents on the basis that such amendment is of a technical nature and pursuant to the relevant determinations by such Independent Adviser as aforesaid.

See Condition 8(b) for a summary of certain aspects of the Original IDEM Corporate Actions Policy.

- (ii) Cash Dividends/Non Cash Dividends:

(X) If, prior to the Final Maturity Date:

(A) an Ex-Date in respect of any Cash Dividend (a “**Relevant Cash Dividend**”) falls in a Relevant Period; or

(B) no Ex-Date in respect of a Cash Dividend falls in a Relevant Period,

the Calculation Agent shall calculate the adjustment to the Conversion Price in accordance with the following formula (instead of any corresponding or other adjustment under the Original IDEM Corporate Actions Policy):

$$X_n = X_o \times R$$

Where:

X_n = the adjusted Conversion Price;

X_o = the Conversion Price on the Relevant Record Date;

R = $(S_{prev} - D) / (S_{prev} - T)$;

S_{prev} = the Closing Price of an Ordinary Share on the Relevant Record Date multiplied by the Conversion Ratio in effect on the Relevant Record Date;

D = (in the case of (A) above) the Fair Market Value of the Relevant Cash Dividend on a per Bond basis (being the Fair Market Value of the Relevant Cash Dividend on a per Ordinary Share basis multiplied by the Conversion Ratio in effect on the Relevant Record Date) and (in the case of (B) above) zero; and

T = the applicable Dividend Threshold.

For the avoidance of doubt, if no Ex-Date falls in a Relevant Period or the Fair Market Value of the Relevant Cash Dividend on a per Bond basis is less than the applicable Dividend Threshold, the Conversion Price will be adjusted upwards. If the Fair Market Value of any such Relevant Cash Dividend on a per Bond basis exceeds the applicable Dividend Threshold, the Conversion Price will be adjusted downwards.

(XX) If an Ex-Date in respect of a Non Cash Dividend (a “**Relevant Non Cash Dividend**”) falls in a Relevant Period prior to the Final Maturity Date, the Calculation Agent shall calculate the adjustment to the Conversion Price in accordance with the following formula (instead of any corresponding or other adjustment under the Original IDEM Corporate Actions Policy):

$$X_n = X_o \times R$$

Where:

- X_n = the adjusted Conversion Price;
- X_o = the Conversion Price on the Relevant Record Date;
- R = $(S_{prev} - D) / (S_{prev})$;
- S_{prev} = the Closing Price of an Ordinary Share on the Relevant Record Date; and
- D = the Fair Market Value of the Relevant Non Cash Dividend on a per Ordinary Share basis.

- (iii) For the purposes of Condition 8(a)(ii):
 - (A) any adjustment to the Conversion Price shall take effect on the Relevant Adjustment Date; and
 - (B) the Fair Market Value of any Relevant Cash Dividend or Relevant Non Cash Dividend shall (subject as provided in paragraph (A) of the definition of “Dividend” and in the definition of “Fair Market Value” in Condition 5) be determined as at the Relevant Adjustment Date.

- (iv) Definitions:

“**Cash Dividend**” means:

- (A) any Dividend which is to be paid or made in cash (in whatever currency), but other than falling within paragraph (B) of the definition of “**Spin-Off**”; and
- (B) any Dividend determined to be a Cash Dividend pursuant to paragraph (A) or (C) of the definition of “**Dividend**”.

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

- (A) where:
 - (I) a dividend in cash is announced which may at the election of a Shareholder or Shareholders be satisfied by the issue or delivery of Ordinary Shares or other property or assets, or where an issue of Ordinary Shares to Shareholders by way of a capitalisation of profits or reserves (including any share premium account or capital redemption reserve) is announced which may at the election of a Shareholder or Shareholders be satisfied by the payment of cash, then the dividend or capitalisation in question shall be treated as a Cash Dividend of an

amount equal to the Fair Market Value of such cash amount as at the first date on which the Ordinary Shares are traded ex- the relevant dividend or capitalisation on the Relevant Stock Exchange; or

- (II) there shall be any issue of Ordinary Shares or other property or assets to Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) where such issue is or is expressed to be in lieu of a dividend (whether or not a cash dividend equivalent or amount is announced) or a dividend in cash that is to be satisfied by the issue or delivery of Ordinary Shares or other property or assets, in each case other than in the circumstances the subject of sub-paragraph (I) above, the capitalisation or dividend in question shall be treated as a Cash Dividend of an amount equal to the Volume Weighted Average Price of such Ordinary Shares on, or, as the case may be, the Fair Market Value of such other property or assets as at the first date on which the Ordinary Shares are traded ex- the relevant capitalisation or, as the case may be, ex- the relevant dividend on the Relevant Stock Exchange or, if later, the Dividend Determination Date, save that where a dividend in cash is announced which is to be satisfied by the issue or delivery of Ordinary Shares where the number of Ordinary Shares to be issued or delivered is to be determined during a period following such announcement and is to be determined by reference to a publicly available formula based on the closing price or volume weighted average price or any like or similar pricing benchmark of the Ordinary Shares, without factoring in any discount to such price or benchmark, then such dividend shall be treated as a Cash Dividend in an amount equal to the Fair Market Value of such cash amount on such date as such cash amount is determined as aforesaid;
- (B) where a dividend or distribution is paid or made to Shareholders pursuant to any plan implemented by the Issuer for the purpose of enabling Shareholders to elect, or which may require Shareholders, to receive dividends or distributions in respect of the Ordinary Shares held by them from a person other than (or in addition to) the Issuer, such dividend or distribution shall for the purposes of these Conditions be treated as a dividend or distribution made or paid to Shareholders by the Issuer, and the foregoing provisions of this definition and the provisions of these Conditions shall be construed accordingly;
- (C) where a dividend in cash is declared which provides for payment to Shareholders in the Relevant Currency, whether at the option of Shareholders or otherwise, it shall be treated as a Cash Dividend in the amount of such Relevant Currency and in any other case it shall be treated as a Cash Dividend in the amount and in the currency in which it is payable to the Shareholders; and
- (D) a dividend or distribution that is a Spin-Off shall be deemed to be a Non Cash Dividend, and any such determination or calculation shall be made by the Calculation Agent on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit.

“**Dividend Determination Date**” means, for the purposes of the definition of “Dividend”, the date on which the number of Ordinary Shares or, as the case may be, amount of other property or assets, which may be issued or delivered is, or is capable of being, determined, and where determined by reference to prices or values or the like on or during a particular day or during a

particular period, the Dividend Determination Date shall be deemed to be such day or the last day of such period, as the case may be.

“**Ex-Date**” means the first Scheduled Trading Day on which the Ordinary Shares are traded ex-the relevant Cash Dividend or Non Cash Dividend, as the case may be, on the Relevant Stock Exchange.

“**Dividend Threshold**” means in respect of each Relevant Period specified in the table below (each, a “**Relevant Period**”) the amount, on a per Bond basis, determined by the Calculation Agent in the manner specified below and notified to Bondholders by the Issuer in the notice referred to in the definition of Share Reference Price (with reference to the “**initial Conversion Ratio**” meaning reference to the Conversion Ratio specified in such notice):

- (A) if no Ex-Date has occurred in a Relevant Period, for the purposes of the Relevant Adjustment Date falling on the first Scheduled Trading Day following the end of such Relevant Period, the Dividend Threshold shall be deemed to be the Dividend Threshold set out in the table below in respect of such Relevant Period in which no Ex-Date occurred; and
- (B) if more than one Ex-Date has occurred in a Relevant Period, the Dividend Threshold set out in the table below shall apply to the first such Ex-Date to occur and the Dividend Threshold in respect of any subsequent Ex-Date occurring in such Relevant Period shall be zero.

Relevant Period	Dividend Threshold (€) <i>(per Bond basis)</i>
Issue Date to 30 May 2016	(€0.40 x initial Conversion Ratio)
31 May 2016 to 30 September 2016	(€0.40 x initial Conversion Ratio)
1 October 2016 to 30 May 2017	(€0.40 x initial Conversion Ratio)
31 May 2017 to 30 September 2017	(€0.40 x initial Conversion Ratio)
1 October 2017 to 30 May 2018	(€0.40 x initial Conversion Ratio)
31 May 2018 to 30 September 2018	(€0.40 x initial Conversion Ratio)
1 October 2018 to 30 May 2019	(€0.40 x initial Conversion Ratio)
31 May 2019 to 30 September 2019	(€0.40 x initial Conversion Ratio)
1 October 2019 to 30 May 2020	(€0.40 x initial Conversion Ratio)
31 May 2020 to 30 September 2020	(€0.40 x initial Conversion Ratio)
1 October 2020 to 30 May 2021	(€0.40 x initial Conversion Ratio)
31 May 2021 to 30 September 2021	(€0.40 x initial Conversion Ratio)
1 October 2021 to Final Maturity Date	0

“**Non Cash Dividend**” means a Dividend which is not a Cash Dividend and shall include a Spin-Off.

“**Relevant Adjustment Date**” means:

- (A) where a Cash Dividend results in an adjustment to the Conversion Price pursuant to Condition 8(a)(ii), the Ex-Date in respect of the Relevant Cash Dividend or, in case no Ex-Date falls in a Relevant Period, the first Scheduled Trading Day following the end of such Relevant Period; and
- (B) where a Non Cash Dividend results in an adjustment to the Conversion Price pursuant to Condition 8(a)(ii), the Ex-Date in respect of the Relevant Non Cash Dividend.

“**Relevant Record Date**” means the Scheduled Trading Day which immediately precedes the Relevant Adjustment Date.

“**Spin-Off**” means:

- (A) a distribution of Spin-Off Securities by the issuer of an Ordinary Share to Shareholders as a class; or
- (B) any issue, transfer or delivery of any property or assets (including cash or shares or other securities of or in or issued or allotted) by any entity (other than the issuer of an Ordinary Share) to Shareholders as a class, pursuant in each case to any arrangements with the issuer of an Ordinary Share or any of its Subsidiaries,

in each case other than in the circumstances the subject of paragraph (A) of the definition of “**Dividend**”.

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

(b) *Summary of certain aspects of the Original IDEM Corporate Actions Policy:*

The Original IDEM Corporate Actions Policy provides for adjustments of options contracts in respect of shares, including the Ordinary Shares, which would likely be applied by Borsa Italiana in determining adjustments to the options contracts related to the Ordinary Shares.

The results of such adjustments will be applied by the Calculation Agent when determining adjustments of the Conversion Price, or, as the case may be, the Ordinary Shares, pursuant to Condition 8(a) with the modifications set out in Condition 8(c), except where the Corporate Action constitutes a Cash Dividend, Non Cash Dividend, Delisting or Nationalisation.

The Original IDEM Corporate Actions Policy is subject to change from time to time. However, such changes will not have effect for the purposes of these Conditions, subject to the following sentence. If changes are made to the Original IDEM Corporate Actions Policy, in relation to any adjustment made by Borsa Italiana pursuant to the amended policy, the Calculation Agent (or, as the case may be, pursuant to these Conditions, an Independent Adviser) will, pursuant to Condition 8(a), determine what the adjustment would have been if the policy had not been amended (each such determination being a “**Deemed Adjustment**”) and the modifications set out in Condition 8(c)(ii) will apply.

Further, Borsa Italiana retains the right to determine how any particular Corporate Action will be reflected in option contract adjustments on a case by case basis despite the provisions of the Original IDEM Corporate Actions Policy. Consequently, the Original IDEM Corporate Actions Policy provides only the methodology which will as a general rule be applied to cater for Corporate Actions and deviations may be made by Borsa Italiana therefrom at any time. Neither the Issuer, the Calculation Agent, the Paying, Transfer and Conversion Agents nor the Trustee is responsible for informing Bondholders of any change at any time to the Original IDEM Corporate Actions Policy.

Conditions 8(b)(i), 8(b)(ii) and 8(b)(iii) are for information purposes only and have been prepared in order to provide Bondholders with summary information of potential adjustments following the occurrence of certain Corporate Actions and such adjustments are subject to change. The information has been adjusted to the extent practicable to fit with the terminology of the Bonds. However, Borsa Italiana may apply the Original IDEM Corporate Actions Policies differently, in particular with respect to the definition and determination of Corporate Action below. In the case of any discrepancy between this description and the Original IDEM Corporate Actions Policy or actual option contract adjustments made by Borsa Italiana, the Original IDEM Corporate Actions Policy or the actual option contract adjustments made by Borsa Italiana prior to any amendment of the Original IDEM Corporate Actions Policy as applicable shall prevail.

The Original IDEM Corporate Action Policy need to be read jointly with the Borsa Italiana Market Rules and the accompanying instructions.

(i) *Corporate Action:*

*For the purposes of this Condition 8(b), **Corporate Action** means:*

- (A) *stock splits or reverse stock splits, free share capital increases, capital increase with preemptive rights, demergers, conversion of shares and any other corporate action entailing the detachment of rights from financial instruments; or*
- (B) *mergers, takeovers or other corporate actions that might lead to the delisting of shares due to a free-float or liquidity reduction; or*
- (C) *any other event which, in the opinion of Borsa Italiana, necessitates an amendment to be made to terms of an option contract and/or futures contract in respect of the shares of a company.*

These Corporate Actions and any adjustments made by Borsa Italiana described below will be relevant to the determinations made by the Calculation Agent (or, as the case may be, pursuant to these Conditions, an Independent Adviser) only if such Corporate Actions are not a Cash Dividend, a Non Cash Dividend, Delisting or Nationalisation which have been excluded from the scope of the applicability of the Original IDEM Corporate Actions Policy pursuant to Condition 8(a).

(ii) *Other defined terms:*

For the purposes of this Condition 8(b):

*“**adjustment coefficient (K)**” means the ratio of the theoretical ex-price to the Cum price.*

*“**Adjustment Coefficient Method**” means the method of adjustment of derivative contracts in accordance with Condition 8(b)(iii)(1)(A).*

*“**CC&G**” means Cassa di Compensazione e Garanzia S.p.A.*

*“**cum entitlement**” means, in respect of a share, with the right, before a date determined and published from time to time by the primary stock exchange on which such shares are available for trading, to any Relevant Entitlement relating thereto.*

*“**cum price**” means the last share price on the day before the ex-date.*

*“**daily closing price**” means the daily settlement price calculated by CC&G.*

“ex entitlement” means, in respect of a share, without the entitlement, on or after a date determined and published from time to time by the primary stock exchange on which such shares are available for trading, to any Relevant Entitlement relating thereto.

“ex-date” means the first trading day when the adjustments are effective.

“exercise price” means the strike price of options contracts traded on the IDEM Market.

“Relevant Entitlement” means any one or more of a cash dividend, scrip dividend, bonus issue, scrip issue, rights issue, or any other right or entitlement, attaching or accruing to, or otherwise affecting, from time to time, a share or ownership of a share.

“Replacement Method” means the method of adjustment of derivative contracts set out in Condition 8(b)(iii)(1)(B).

“theoretical ex-price” means the theoretical share price after a Corporate Action, which is used to determine the adjustments to be made.

“Theoretical Fair Value” means the price calculated by Borsa Italiana and used to close and cash settle options and futures contracts in the cases provided by Borsa Italiana instructions.

(iii) Consequences of a Corporate Action pursuant to the Original IDEM Corporate Actions Policy

(1) Types of adjustments of derivative contracts

Adjustments might entail:

(A) the adjustment of the exercise price of options contracts or of the daily closing price of futures contracts as well as the settlement price exclusively for the dividend futures on stocks contracts (the **“Adjustment Coefficient Method”**);

(B) the replacement of the underlying shares of options or futures contracts with other shares on the basis of a determined ratio (the **“Replacement Method”**); and

(C) the calculation of the Theoretical Fair Value of options or futures contracts.

(2) Adjustment methodology in respect of different types of Corporate Actions

(A) Free share capital increases

In the case of a free share capital increase, the adjustment coefficient (K) is used to amend the derivative contracts:

$$K = \frac{V}{V + N}$$

V = number of shares before a Corporate Action

N = number of newly issued shares after a Corporate Action

The adjustment coefficient (K) is used to modify the exercise prices of options and the daily closing prices of futures (Eex) according to the following rules:

$$Eex = Ecum \times K$$

Eex = adjusted exercise price of options or adjusted daily closing price of futures

Ecum = exercise price of options before a Corporate Action or daily closing price of futures

(B) *Stock splits or reverse stock splits*

In the case of a stock split or a reverse stock split, the adjustment coefficient (K) is used to amend the derivative contracts:

$$K = \frac{V}{N}$$

V = number of shares before a Corporate Action

N = number of newly issued shares after a Corporate Action.

The adjustment coefficient (K) is used to modify the exercise prices of options and the daily closing prices of futures (Eex) according to the following rules:

adjustment of exercise prices of options contracts and daily closing prices of futures contracts:

$$Eex = Ecum \times K$$

Eex = adjusted exercise price of options or adjusted daily closing price of futures

Ecum = exercise price of options before a Corporate Action or daily closing price of futures

(C) *Capital increase with pre-emptive rights*

In the case of a capital increase with the detachment of pre-emptive rights, the adjustment coefficient (K) is used to amend the derivative contracts:

$$K = \frac{P_{ex}}{P_{cum}}$$

Pex = theoretical share price ex-right

Pcum = share price cum-right

The specific characteristics of the pre-emptive offer must be taken into consideration in order to determine the theoretical share price ex-right. In particular, a capital increase may be carried out by issuing a combination of new shares, warrants or convertible bonds in whatever proportion.

The adjustment coefficient (K) is used to modify the exercise prices of options and the daily closing prices of futures (Eex) according to the following rules:

$$Eex = Ecum \times K$$

Eex = adjusted exercise price of options or adjusted daily closing price of futures

Ecum = exercise price of options before a Corporate Action or daily closing price of futures

The methods for the calculation of the theoretical ex-price in the most common cases of pre-emptive offers are set out below:

- *Pre-emptive offer with the issue of (N) new shares with regular dividend entitlement every (V) old shares held at the subscription price Ps*

The price ex-right is calculated as follows:

$$\begin{cases} P_{ex} = P_{cum} - V_{right} \\ V_{right} = \text{MAX} \left[(P_{ex} - P_s) * \frac{N}{V}; 0 \right] \end{cases}$$

If the value of the right (V_{right}) is positive, then:

$$P_{ex} = \left(\frac{(P_{cum} * V) + (P_s * N)}{V + N} \right)$$

- Pre-emptive offer with the issue of (N) new shares with no dividend entitlement (i.e. the new shares do not entitle to receive the dividends D paid during the current year) every (V) old shares held at the subscription price P_s

The price ex-right is calculated as follows:

$$\begin{cases} P_{ex} = P_{cum} - V_{right} \\ V_{right} = \text{MAX} \left[(P_{ex} - P_s - D) * \frac{N}{V}; 0 \right] \end{cases}$$

if the value of the right (V_{right}) is positive, then:

$$P_{ex} = \left(\frac{(P_{cum} * V) + (P_s + D) * N}{V + N} \right)$$

- Pre-emptive offer with the issue of (N) convertible bonds every (V) old shares held at the subscription price P_s

The price ex-right is calculated as follows:

$$\begin{cases} P_{ex} = P_{cum} - V_{right} \\ V_{right} = \text{MAX} \left[(B - P_s) * \frac{N}{V}; 0 \right] \end{cases}$$

In order to assess the theoretical value of the right (V_{right}), the fair value of the convertible bond (B) shall be estimated. To this end, Borsa Italiana has set up a working group on corporate actions that includes a number of selected experts representing the most active firms on Borsa markets that provides independent estimates on the financial instrument to be valued.

Since the value of the convertible bond is a function of the theoretical price ex-right, the convertible bond price is iteratively determined such that the following relationship holds:

$$P_{ex} = P_{cum} - V_{right}$$

- Pre-emptive offer with the issue of (N) warrants every (V) old shares held at the subscription price P_s

The price ex-right is calculated as follows:

$$\begin{cases} P_{ex} = P_{cum} - V_{right} \\ V_{right} = \text{MAX} \left[(W - P_s) * \frac{N}{V}; 0 \right] \end{cases}$$

In order to assess the theoretical value of the right (V_{right}), the fair value of the warrant (W) shall be estimated. To this end, Borsa Italiana has set up a

working group on corporate actions that includes a number of selected experts representing the most active firms on Borsa markets that provides independent estimates on the financial instrument to be valued.

Since the value of the warrant is a function of the theoretical price ex-right, the warrant price is iteratively determined such that the following relationship holds:

$$P_{ex} = P_{cum} - V_{right}$$

(D) Demergers

In the case of demergers, either the Adjustment Coefficient Method or the Replacement Method can be used to adjust derivative contracts. The choice is made by taking into consideration the characteristics of the demerger, such as the size of the demerged firm and the liquidity of both the demerged and parent companies.

- Replacement method:

The underlying shares of options or futures contracts are replaced with a basket composed by the shares of both the parent and the demerged firms on the basis of the demerger ratio. On the other hand, the exercise price of options or the daily closing price of futures does not change.

- Adjustment Coefficient Method:

The derivative contracts are amended by applying the adjustment coefficient (K):

$$K = \frac{P_{ex}}{P_{cum}}$$

P_{ex} = theoretical price ex demerger

P_{cum} = Cum price The valuation of the demerged firm ($V_{demerged}$) and the demerger ratio (DR) are taken into account when determining the theoretical price ex demerger:

$$P_{ex} = P_{cum} - DR \times V_{demerged}$$

The adjustment coefficient (K) is used to modify the exercise prices of options and the daily closing prices of futures (E_{ex}) according to the following rules:

$$E_{ex} = E_{cum} \times K$$

E_{ex} = adjusted exercise price of options or adjusted daily closing price of futures

E_{cum} = exercise price of options before a Corporate Action or daily closing price of futures

(E) Conversion of shares

In the case of conversion of a category of shares into another, which are sufficiently liquid and suitable to be the underlying of option and futures contracts traded on the IDEM Market, the underlying shares of options or futures

contracts are replaced by the shares offered on the ex-date and consequently the derivative contracts terms are modified by the adjustment coefficient (K) based on the conversion ratio (if the shares offered are not sufficiently liquid and are not suitable to be the underlying of option and futures contracts traded on the IDEM Market, all the contracts open on the ex-date are closed and cash settled):

$$K = \frac{V}{N}$$

V = number of shares to be converted

N = number of shares offered

The adjustment coefficient (K) is used to modify the exercise prices of options and the daily closing prices of futures (Eex) according to the following rules:

$$Eex = Ecum \times K$$

Eex = adjusted exercise price of options or adjusted daily closing price of futures

Ecum = exercise price of options before a Corporate Action or daily closing price of futures

(F) Mergers

In the case of a merger, if the shares of the merging company are sufficiently liquid and suitable to be the underlying of option and futures contracts traded on the IDEM Market, the underlying shares of options or futures are replaced with the shares of the merging company on the ex-date and consequently the derivative contracts terms are modified by the adjustment coefficient (K) which is based on the merger ratio (if the shares of the merging company are not sufficiently liquid and suitable to be the underlying of option and futures contracts traded on the IDEM Market, all the contracts open on the ex-date are closed and cash settled):

$$K = \frac{V}{N}$$

V = number of shares of the merged firm

N = number of shares of the merging firm

The adjustment coefficient (K) is used to modify the exercise prices of options and the daily closing prices of futures (Eex) according to the following rules:

adjustment of exercise prices of options contracts and daily closing prices of futures contracts:

$$Eex = Ecum \times K$$

Eex = adjusted exercise price of options or adjusted daily closing price of futures

Ecum = exercise price of options before a Corporate Action or daily closing price of futures

(G) Takeovers

In the case of takeovers, the following adjustments may imply:

- the replacement of the underlying shares with the shares offered in exchange in cases where at least 33 per cent. of the consideration of the tender offer*

consists of shares of the bidder that is included in the FTSE Italia All Share Index; or

- *or the application of the Theoretical Fair Value in the cases where the shares underlying contracts are subject to a complete-acquisition tender offer according to which the bidder becomes holder of more than 90 per cent. of the capital or to the execution of the purchase obligation.*

Whenever the substitution of the security to be delivered with that of the bidder takes place, adjustments are similar to those in the case of mergers shall apply.

(c) *Adjustment by the Calculation Agent of the Conversion Price or Ordinary Shares following a Corporate Action*

(i) *Prior to any amendment of the Original IDEM Corporate Actions Policy*

- (A) For the purpose of adjusting the Conversion Price following an adjustment by Borsa Italiana to option contracts in respect of Ordinary Shares pursuant to the Original IDEM Corporate Actions Policy in accordance with the Adjustment Coefficient Method, the Calculation Agent shall determine whether when determining the adjustment ratio, Borsa Italiana has used a price for the relevant share which (i) is cum entitlement and (ii) is not equal to the 5 Day VWAP, such price used by Borsa Italiana as aforesaid and satisfying both provisos (i) and (ii) being a “**Cum Entitlement Price**”. If the adjustment ratio has been determined by Borsa Italiana based on a Cum Entitlement Price, the Calculation Agent shall recalculate the adjustment ratio using the 5 Day VWAP instead of the Cum Entitlement Price (such recalculated adjustment ratio (rounded to 6 decimal places with 0.0000005 rounded upwards) being the “**CA Adjustment Ratio**”).

For the purpose of adjusting the Conversion Price in respect of the Bonds, the Calculation Agent shall multiply the Conversion Price in effect prior to the adjustment performed by Borsa Italiana by the relevant CA Adjustment Ratio and the resulting adjusted Conversion Price shall apply as of the date the adjustment made by Borsa Italiana applies.

Subject as provided in Condition 8(c)(i)(B), if the Calculation Agent determines that the adjustment ratio has been determined by Borsa Italiana (i) based on the 5 Day VWAP or (ii) pursuant to a formula that is not based on the price of a cum entitlement Ordinary Share, for the purpose of adjusting the Conversion Price in respect the Bonds, the Calculation Agent shall multiply the Conversion Price in effect prior to the adjustment performed by Borsa Italiana by the relevant adjustment ratio determined by Borsa Italiana and the resulting adjusted Conversion Price shall apply as of the date the adjustment made by Borsa Italiana applies.

- (B) The adjustment ratio (if any) determined by Borsa Italiana following a merger or takeover shall be used by the Calculation Agent to determine the Conversion Price as provided in Condition 8(c)(i)(A) if the cash entitlement represents no more than 33 per cent. of the total offer consideration in relation to such merger or takeover, as determined by the Calculation Agent or (where the Calculation Agent determines in its sole discretion it is not capable of making such determination in its capacity as Calculation Agent, or at the Issuer’s election in its sole discretion) an Independent Adviser.

If the cash entitlement represents more than 33 per cent. but no more than 67 per cent. of the total offer consideration (as determined as aforesaid by the Calculation Agent or, as the case may be, an Independent Adviser) in relation to such merger or takeover, then the

Calculation Agent shall determine the adjustment ratio and the resulting Conversion Price as provided in Condition 8(c)(i)(A) with references to 5 Day VWAP substituted by reference to 20 Day VWAP.

If the cash entitlement represents more than 67 per cent. of the total offer consideration (as determined as aforesaid by the Calculation Agent or, as the case may be, an Independent Adviser) in relation to such merger or takeover, then Condition 11(c) will apply.

- (C) In case Borsa Italiana has applied the Replacement Method (and consequently an adjustment ratio has not been calculated and published), the Conversion Price will not be adjusted and what is considered an Ordinary Share prior to the adjustment by Borsa Italiana will change pursuant to the definition of Ordinary Share.
- (D) In case the option contracts are settled at their Theoretical Fair Value (as described in Original IDEM Corporate Actions Policy for a reason other than a delisting (as referred to in the Original IDEM Corporate Actions Policy) that does not constitute a Delisting) or in the case of Nationalisation or Delisting, the Conversion Price will not be adjusted, what is considered an Ordinary Share will not change and the Bonds will be redeemed in accordance with Condition 11(c) or 10 respectively.

(ii) Following any amendment of the Original IDEM Corporate Actions Policy

(A) Subject as provided in Condition 8(c)(ii)(B) to 8(c)(ii)(F), for the purpose of adjusting the Conversion Price following an adjustment by Borsa Italiana to option contracts in respect of Ordinary Shares in accordance with the Adjustment Coefficient Method following an amendment to the Original IDEM Corporate Actions Policy:

(I) in the case of a Corporate Action which constitutes a free share capital increase (pursuant to Condition 8(b)(iii)(2)(A)), a stock split or reverse stock split (pursuant to Condition 8(b)(iii)(2)(B)) or a capital increase with pre-emptive rights (pursuant to Condition 8(b)(iii)(2)(C)), if the Calculation Agent determines in its sole discretion it is capable of making such determination in its capacity as Calculation Agent, the Calculation Agent; or

(II) in any other case, an Independent Adviser,

shall determine what the adjustment would have been if the policy had not been amended (each such determination being a “**Deemed Adjustment**”) and shall calculate in accordance with the Original IDEM Corporate Actions Policy, any adjustment ratio required to be calculated for the purposes of such Deemed Adjustment, *provided that* the Calculation Agent or, as the case may be, an Independent Adviser as aforesaid, shall use the 5 Day VWAP instead of any Cum Entitlement Price for the purpose of such calculation.

(B) Following a merger or takeover an Independent Adviser shall determine the Conversion Price as provided in Condition 8(c)(ii)(A) if the cash entitlement represents no more than 33 per cent. of the total offer consideration in relation to such merger or takeover.

If the cash entitlement represents more than 33 per cent. but no more than 67 per cent. of the total offer consideration in relation to such merger or takeover, then the Calculation Agent, or, as the case may be, an Independent Adviser as aforesaid, shall determine the Conversion Price as provided in Condition 8(c)(ii)(A) with references to 5 Day VWAP substituted by reference to 20 Day VWAP.

If the cash entitlement represents more than 67 per cent. of the total offer consideration in relation to such merger or takeover, then Condition 11(c) will apply.

- (C) Any adjustment will be made by an Independent Adviser in respect of a Corporate Action where (i) a company repurchases its own shares and Borsa Italiana deems such share repurchase as an adjustable event or (ii) if the underlying shares of the option contract and/or future contracts are no longer tradable and/or deliverable due to circumstances not described in the Original IDEM Corporate Actions Policy.
- (D) Following a demerger, (I) the Replacement Method will be used to make adjustments if the Ordinary Shares of the demerged company can be delivered, settled and/or traded on the IDEM Market, and (II) the Adjustment Coefficient Method will be used to make adjustments if Ordinary Shares of the demerged company can not be so delivered, settled and/or traded.
- (E) If pursuant to the Original IDEM Corporate Actions Policy the Replacement Method is applied by the Calculation Agent, or as the case may be, an Independent Adviser as aforesaid (and consequently an adjustment ratio has not been determined), the Conversion Price will not be adjusted and what is considered an Ordinary Share prior to the adjustment by Borsa Italiana will change pursuant to the definition of Ordinary Share.
- (F) In case the option contracts are settled at their Theoretical Fair Value (as described in the amended Original IDEM Corporate Actions Policy) for a reason other than a delisting (as referred to in the Original IDEM Corporate Actions Policy) that does not constitute a Delisting, or in the case of Nationalisation or Delisting, the Conversion Price will not be adjusted, what is considered an Ordinary Share will not change and the Bonds will be redeemed in accordance with Condition 11(c) or 10 respectively.

(d) Calculation of Adjustments and roundings:

Adjustments in accordance with this Condition 8 (other than Condition 8(a)(ii), which shall become effective as provided in Condition 8(a)(iii)) will become effective as of the same date as any corresponding adjustments made by Borsa Italiana.

Adjustments in accordance with this Condition 8 (including Condition 8(a)(ii)) will not be made if the effective date for such adjustments is later than, in the case of Bonds in respect of which Conversion Rights have been exercised, the Settlement Date (where the Cash Amount or Adjusted Cash Amount is to be paid in respect of such exercise)) or, in relation to Bonds not converted, the first day after the end of the Conversion Period pursuant to Condition 7(a)(ii), as the case may be.

Adjustments to the Conversion Price pursuant to this Condition 8 shall be determined and calculated in good faith by the Calculation Agent, and/or to the extent so specified in the Conditions, by an Independent Adviser. Adjustments to the Conversion Price calculated by the Calculation Agent or, where applicable, an Independent Adviser and any other determinations made by the Calculation Agent or, where applicable, an Independent Adviser pursuant to these Conditions shall be final and binding (in the absence of manifest error) on the Issuer, the Trustee and the Bondholders. The Calculation Agent may, subject to the provisions of the Calculation Agency Agreement, consult, at the expense of the Issuer, on any matter (including but not limited to, any legal matter), with any legal or other professional adviser and it shall be able to rely upon, and it shall not be liable and shall incur no liability as against the Issuer or the Bondholders in respect of anything done, or omitted to be done, relating to that matter in good faith in accordance with that adviser's opinion. The Calculation Agent shall act solely upon request from and as agent of the Issuer and the Calculation Agent or, as the case

may be, any Independent Adviser appointed by the Issuer in accordance with these Conditions, will not thereby assume any obligations towards or relationship of agency or trust with, and they shall not be liable and shall incur no liability as against, the Bondholders.

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

All adjustments to the Conversion Price will be calculated by the Calculation Agent (or an Independent Adviser, as the case may be). Any adjustment to the Conversion Price determined will, if necessary be rounded to four decimal places, with €0.00005 being rounded upwards, and any subsequent adjustments shall be made on the basis of such adjusted Conversion Price so rounded.

(e) Notifications of Adjustments:

The Issuer will give notice to Bondholders (in accordance with Condition 21), the Trustee and the Principal Paying, Transfer and Conversion Agent of any adjustment to the Conversion Price pursuant to this Condition 8 as soon as reasonably practicable.

In the event that any Share Price relevant for any calculation of a price or Cash Amount or Adjusted Cash Amount in accordance with this Condition 8 (other than Condition 8(a)(ii)) is subsequently corrected by the exchange and the correction is published within less than one Settlement Cycle after the original publication, the Calculation Agent shall notify the Bondholders of the corrected Share Price or Cash Amount or Adjusted Cash Amount and any necessary further adjustment in connection therewith.

(f) No obligation to monitor:

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists which may (i) trigger the start of a Conversion Period, or (ii) require an adjustment to be made to the Conversion Price or as to the amount of any adjustment actually made, and, in each case, will not be responsible or liable to the Bondholders for any loss arising from any failure by it to do so.

9 Disrupted Days

If any Averaging Date is a Disrupted Day, then the Averaging Date affected by a Market Disruption Event shall be postponed to the first succeeding Scheduled Trading Day which is not a Disrupted Day, and on which another Averaging Date does not or is not deemed to occur. If a Market Disruption Event continues to exist for a period of more than eight successive Scheduled Trading Days following the day originally specified as the applicable Averaging Date, the eighth Scheduled Trading Day following the day originally specified as the applicable Averaging Date shall be deemed to be the Averaging Date. On that eighth Scheduled Trading Day, an Independent Adviser shall determine its good faith estimate of the Volume Weighted Average Price of the Ordinary Share(s) at the Valuation Time on such eighth Scheduled Trading Day.

The following definitions shall apply:

“Exchange Disruption” means any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Ordinary Shares on the Relevant Stock Exchange or (ii) to effect transactions in, or obtain market values for, futures or option contracts relating to the Ordinary Shares on the Related Exchange.

“**Early Closure**” means the closure on any Scheduled Trading Day of the Relevant Stock Exchange or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing time is announced by such Relevant Stock Exchange or Related Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Relevant Stock Exchange or the Related Exchange on such Scheduled Trading Day and (ii) the submission deadline for orders to be entered into the Relevant Stock Exchange or the Related Exchange system for execution at the Valuation Time on such Scheduled Trading Day.

“**Market Disruption Event**” means each of (i) Trading Disruption, (ii) Exchange Disruption and (iii) Early Closure but in respect of (i) and (ii) only if the Calculation Agent determines that such event has occurred at any time during the one hour period that ends at the Valuation Time.

“**Related Exchange**” means the IDEM Market.

“**Scheduled Closing Time**” means, in respect of the Relevant Stock Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Relevant Stock Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

“**Trading Disruption**” means any suspension of or limitation imposed on trading by the Relevant Stock Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or Related Exchange or otherwise (i) relating to the Ordinary Shares on the Relevant Stock Exchange, or (ii) in futures or option contracts relating to the Ordinary Shares on the Related Exchange.

“**Valuation Time**” means the Scheduled Closing Time in respect of the relevant day.

10 Nationalisation, Change in Law and Delisting

If (i) a Nationalisation and/or a Delisting occurs, the Issuer shall and (ii) a Change in Law occurs the Issuer may and, if the Issuer terminates a Hedge Position as a result of a Change in Law affecting the Issuer, the Issuer shall, by providing notice of the occurrence of such event to the Bondholders in accordance with Condition 21 and the Trustee within five Milan business days of the Relevant Announcement Date specifying the date of such redemption or purchase (or such lesser notice as may be required to comply with the Change in Law), redeem or purchase all but not only some of the outstanding Bonds at their Early Redemption Amount on the Early Redemption Date (subject as provided in Condition 7(d)).

The Trustee shall not be required to take steps or monitor or ascertain whether or not a Nationalisation, a Delisting or a Change in Law or any event which could lead to a Nationalisation, a Delisting or a Change in Law has occurred or may occur and, unless and until it has actual knowledge to the contrary, shall be entitled to assume that no such event has occurred and shall not be responsible or liable to Bondholders or any other person for any loss arising therefrom.

11 Redemption and Purchase

(a) Final Redemption

Unless previously purchased and cancelled, redeemed or converted and cancelled as herein provided, the Bonds will be redeemed at their principal amount on the Final Maturity Date. The Bonds may only be redeemed at the option of the Issuer prior to the Final Maturity Date in accordance with Condition 10 or Condition 11(b) or Condition 11(c).

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

- (i) The Issuer may, on giving not less than 30 nor more than 45 days' notice (an "**Optional Redemption Notice**") to the Trustee and to the Bondholders in accordance with Condition 21, redeem all but not some only of the Bonds on the date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice at their principal amount if, at any time, the aggregate principal amount of the Bonds outstanding is equal to or less than 15 per cent. of the aggregate principal amount of the Bonds originally issued (for which purpose, any further securities issued pursuant to Condition 21 and consolidated and forming a single series with the Bonds shall also be deemed to have been 'originally issued').

On the Optional Redemption Date the Issuer shall, save for any Bonds in respect of which Conversion Rights have been exercised pursuant to Condition 7(a)(ii)(B)(I) (but without prejudice to Condition 7(d)(ii)), redeem the Bonds at their principal amount.

- (ii) At any time the Issuer may, having given not less than 30 nor more than 45 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 21, redeem (subject as provided below) all but not some only of the Bonds for the time being outstanding on the date (the "**Tax Redemption Date**") specified in the Tax Redemption Notice at their principal amount, if:
- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 13 as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority or agency thereof or therein, or any change in the application or interpretation or administration of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and
- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due.

Any Tax Redemption Notice shall be irrevocable.

On the Tax Redemption Date, the Issuer shall (subject to the next following paragraph) redeem the Bonds at their principal amount.

If the Issuer gives a notice of redemption pursuant to this Condition 11(b)(ii), each Bondholder will have the right to elect that its Bonds shall not be redeemed and that the provisions of Condition 13 shall not apply in respect of any payment of additional amounts to be made on such Bonds which falls due after the relevant Tax Redemption Date, whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 13 and payment of all amounts on such Bonds shall be made subject to the deduction or withholding of any Italian taxation required to be withheld or deducted. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying, Transfer and Conversion Agent a duly completed and signed notice of election, in the form for the time being current, obtainable from the specified office of any Paying, Transfer and Conversion Agent together with the relevant Bonds on or before the day falling 10 days prior to the Tax Redemption Date.

(c) *Settlement of option contracts*

If option contracts in respect of the Ordinary Shares are traded on the IDEM Market and any event, other than a delisting (as referred to in the Original IDEM Corporate Actions Policy) that does not constitute a Delisting, occurs as a result of which such option contracts are or will be settled in accordance with the Original IDEM Corporate Actions Policy, the Issuer shall give notice to Bondholders in accordance with Condition 21 within five Milan business days of the Relevant Announcement Date and shall thereafter redeem all outstanding Bonds at their Early Redemption Amount on the Early Redemption Date (subject as provided in Condition 7(d)).

(d) *Nationalisation, Delisting and/or a Change in Law*

Upon the occurrence of a Nationalisation, a Delisting and/or a Change in Law, Condition 10 shall apply.

(e) *Purchase*

Subject to the requirements (if any) of any stock exchange on which the Bonds may be admitted to listing and trading at the relevant time and subject to compliance with applicable laws and regulations, the Issuer and any Subsidiary of the Issuer may at any time purchase any Bonds in the open market or otherwise at any price. Such Bonds may be held, resold or reissued or, at the option of the Issuer or the relevant Subsidiary, surrendered to the Registrar for cancellation.

(f) *Cancellation*

All Bonds which are redeemed or which are purchased by or on behalf of the Issuer or any Subsidiary of the Issuer and surrendered for cancellation shall be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

(g) *Multiple Notices*

If more than one notice of redemption is given pursuant to this Condition 10, the first of such notices to be given shall prevail.

12 Payments

(a) *Principal*

Payment of principal in respect of the Bonds will be made to the persons shown in the Register at the close of business on the Record Date, and subject to surrender (or in the case of partial payment only, endorsement) of the relevant Bond, at the specified office of any Paying, Transfer and Conversion Agent.

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

(b) *Method of Payment*

Each payment referred to in Condition 12(a) will be made in euro 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.

(c) *Record Date*

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

*The Bonds on issue will be represented by a global Bond (the “**Global Bond**”) registered in the name of, and held by a nominee or on behalf of, a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and/or Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”).*

All payments in respect of Bonds represented by the Global Bond will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January.

(d) Agents

The names of the initial Paying, Transfer and Conversion Agents and their initial specified offices are set out below. The Issuer reserves the right under the Agency Agreement at any time with the prior written approval of the Trustee to remove any Paying, Transfer and Conversion Agent, and to appoint other or further Paying, Transfer and Conversion Agents, provided that it will at all times maintain Paying, Transfer and Conversion Agents having specified offices in (i) London and (ii) any place required by the rules of any relevant stock exchange if and for so long as the Bonds are listed or admitted to trading on any stock exchange or admitted to listing by any other relevant authority for which the rules require the appointment of a Paying, Transfer and Conversion Agent in any particular place. Notice of any such removal or appointment and of any change in the specified office of any Paying, Transfer and Conversion Agent will be given as soon as practicable to Bondholders in accordance with Condition 21.

(e) Payments subject to fiscal laws

All payments in respect of the Bonds are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to Condition 13. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

(f) Fractions

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

(g) Delay in payment

Bondholders will not be entitled to any other payment for any delay after the due date in receiving any amount due:

- (i) as a result of the due date not being a business day; or
- (ii) if the relevant Bondholder is late in surrendering the relevant Bond (where such surrender is required pursuant to these Conditions as a precondition to payment).

In this Condition 12(g) “**business day**” means a day (other than a Saturday or Sunday) which is a TARGET Business Day and (where surrender of the relevant Bond is required pursuant to these Conditions as a precondition to payment) and which is a business day in the place of the specified office of the Paying, Transfer and Conversion Agent to whom the relevant Bond is surrendered.

13 Taxation

All payments in respect of the Bonds by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Italy or any authority

therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Bond:

- (a) to, or to a third party on behalf of, a holder who is (i) entitled to avoid such deduction or withholding by making a declaration of non-residence or other similar claim for exemption to the competent tax authority; or (ii) liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the Republic of Italy other than the mere holding of the Bond; or
- (b) (where presentation of the relevant Bond is a pre-condition to payment pursuant to Condition 12(a)), presented (or in respect of which the certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day; or
- (c) in relation to any payment or deduction of any principal or other proceeds of any Bond on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996 or any secondary legislation implementing the same (each as amended and/or supplemented from time to time); or
- (d) in relation to any payment or deduction of any principal or other proceeds of any Bond where such withholding or deduction is required pursuant to Italian Presidential Decree No. 600 of 29 September 1973 or any secondary legislation implementing the same (each as amended and/or supplemented from time to time); or
- (e) in relation to any payment or deduction of any principal or other proceeds of any Bond presented for payment in the Republic of Italy; or
- (f) where such withholding or deduction is imposed on a payment to an individual or “**residual entities**” within the meaning of European Council Directive 2003/48/EC and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (g) (where presentation of the relevant Bond is a pre-condition to payment pursuant to Condition 12(a)), presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Bond (or relative certificate) to another Paying, Transfer and Conversion Agent in a Member State of the European Union; or
- (h) where such withholding is required by application of sections 1471 – 1474 of the U.S. Internal Revenue Code of 1986, as amended, including any administrative regulations or intergovernmental agreements relating thereto.

References in these Conditions to principal and/or Cash Amount, Adjusted Cash Amount, Early Redemption Amount, Adjusted Early Redemption Amount and/or any other amounts payable in respect of the Bonds shall be deemed also to refer to any additional amounts which may be payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

The provisions of this Condition 13 shall not apply in respect of any payments which fall due after the relevant Tax Redemption Date in respect of any Bonds which are the subject of a Bondholder election pursuant to Condition 11(b)(ii).

14 Events of Default

If any of the following events (each an “**Event of Default**”) occurs and is continuing, then the Trustee at its discretion may and, if so requested in writing by holders of at least one quarter in principal amount of the outstanding Bonds and/or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or secured and/or prefunded to its satisfaction) give written notice to the Issuer declaring the Bonds to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount provided, however, that if any event specified in paragraph (e) below occurs and is continuing, the Bonds shall become immediately repayable at their principal amount, without any declaration, notification or other act on the part of the Trustee or any holders of Bonds:

- (a) **Non-Payment:** default is made for more than 30 days in the payment on the due date of principal, Cash Amount, Adjusted Cash Amount, Early Redemption Amount, Adjusted Early Redemption Amount or any other amount payable in respect of the Bonds; or
- (b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations in respect of the Bonds or under the Trust Deed which default is incapable of remedy or, if capable of remedy, is not remedied within 90 days after notice of such default shall have been given to the Issuer by the Trustee; or
- (c) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against, or an encumbrancer takes possession of the whole or substantially the whole of, the property, assets or revenues of the Issuer and in each case is not released, discharged or stayed within 90 days; or
- (d) **Cross-Default:** any other present or future, actual or contingent indebtedness of the Issuer for or in respect of borrowed money and being in aggregate amount greater than 3 per cent. of the Issuer’s consolidated total shareholders’ equity (as determined by reference to the most recent audited consolidated financial statements of the Issuer) is not paid when due or within any applicable grace period originally specified; or
- (e) **Insolvency:** the Issuer is (or is deemed by law or a court of competent jurisdiction to be) insolvent or bankrupt or unable to pay its debts, or stops, suspends or threatens to stop or suspend payment of its debts generally, proposes or makes a general assignment or an arrangement or composition with or for the benefit of its creditors generally in respect of its debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or substantially all of the debts of the Issuer; or
- (f) **Winding-up:** an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer and such order or resolution is not discharged or cancelled within 90 days, or the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation either (i) on terms previously approved by an Extraordinary Resolution of the Bondholders or (ii) where in the case of a reconstruction, amalgamation, reorganisation, merger or consolidation of the Issuer, the surviving entity effectively assumes the entire obligations of the Issuer under the Bonds, or any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in this paragraph.

15 Undertakings

- (a) The Issuer undertakes to make or cause to be made an application for the Bonds to be admitted to trading on an internationally recognised, regularly operating, regulated or non-regulated stock exchange (the “**Admission**”) within 90 days following the Issue Date and to maintain such Admission for so long as any of the Bonds remain outstanding.

- (b) If the appointment of an Independent Adviser is required by these Conditions or if these Conditions relate to any matter to be determined by an Independent Adviser, the Issuer shall procure that the relevant appointment is made as soon as practicable and, in any event, in time to enable the proper operation of the relevant provisions of these Conditions.

16 Prescription

Claims for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years from the appropriate Relevant Date in respect of such payment.

17 Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations or other relevant regulatory authority regulations, at the specified office of the Registrar or such other Paying, Transfer and Conversion Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Bondholders, in each case upon payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

18 Meetings of Bondholders, Modification and Waiver, Entitlement of Trustee, Change and Indemnification of Trustee

(a) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including provisions governing the passing of resolutions by Bondholders and the modification of any provisions of these Conditions or any relevant provisions of the Trust Deed.

All meetings of holders of Bonds will be held in accordance with applicable provisions of Italian law in force at the time. In accordance with Article 2415 of the Italian Civil Code, the meeting of Bondholders is empowered to resolve upon the following matters: (i) the appointment and revocation of a joint representative (*rappresentante comune*) of the Bondholders, having the powers and duties set out in Article 2418 of the Italian Civil Code; (ii) any amendment to these Conditions; (iii) motions for administration under supervision (*amministrazione controllata*) or composition with creditors (*concordato*) of the Issuer; (iv) establishment of a fund for the expenses necessary for the protection of the common interests of the Bondholders and the related statements of account; and (v) on any other matter of common interest to the Bondholders. Such a meeting may be convened by the Board of Directors of the Issuer or by the joint representative (*rappresentante comune*) of the Bondholders or, to the extent this is in compliance with Italian law applicable from time to time, the Trustee (subject in the case of the Trustee to its being indemnified and/or secured and/or prefunded to its satisfaction against all costs and expenses thereby occasioned) when the Board of Directors or the joint representative (*rappresentante comune*) or, to the extent this is in compliance with Italian law applicable from time to time, the Trustee, as the case may be, deems it necessary or appropriate, and such a meeting shall be convened when a request is made by the Bondholders holding not less than 5 per cent. in principal amount of the Bonds for the time being outstanding, in each case in accordance with Article 2415 of the Italian Civil Code.

In relation to the quorums and majorities required to pass an Extraordinary Resolution:

- (i) a meeting of Bondholders will be quorate if (i) in the case of a sole call meeting, 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, or (ii) in case of a multiple call meeting (a) in the case of a first meeting, there are one or more persons present, being or representing Bondholders holding at least one half of the aggregate principal amount of the outstanding Bonds or (b) in the case of a second meeting following adjournment of the first meeting for want of quorum, there are one or more persons present, being or representing Bondholders holding more than one third of the aggregate principal amount of the outstanding Bonds or (c) in the case of any subsequent meeting following any further adjournments for want of quorum, 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 in each of the cases under (i) and (ii) above (a) the quorum shall always be (including at any adjourned meeting) at least one half of the aggregate principal amount of the outstanding Bonds for the purposes of considering certain proposals (including any proposal to make 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, other than those of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law (each, a “**Reserved Matter**”)) and (b) the by-laws of the Issuer may from time to time require a higher quorum; and

- (ii) the majority required to pass an Extraordinary Resolution (including 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 a Reserved Matter may only be sanctioned by an Extraordinary Resolution passed at a meeting of Bondholders 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.

The Bonds shall not entitle the Issuer to participate and vote in the Bondholders’ meetings. Directors and statutory auditors of the Issuer shall be entitled to attend the Bondholders’ meetings. The resolutions validly adopted in meetings are binding on Bondholders whether present or not.

In the event the Bondholders’ meeting fails to appoint a joint representative (*rappresentante comune*), such appointment may be made at the request of any Bondholder or at the request of the board of directors of the Issuer by the president of the court of the venue where the registered office of the Issuer is located.

(b) *Modification and Waiver*

The Trustee may agree, without the consent of the Bondholders, to (i) any modification of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds or these Conditions which in the Trustee’s opinion is not materially prejudicial to the interests of the Bondholders or to any modification of any of 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 or the Conditions which is, in the opinion of the Trustee, of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law but such power does not extend to any modifications to be approved by the meeting of the Bondholders by means of an Extraordinary Resolution as indicated in the Trust Deed. The Trustee may, without the consent of the Bondholders, determine any Event of Default or a Potential Event of Default (as defined in the Trust Deed) 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, if the Trustee so requires, such modification shall be notified to the Bondholders in accordance with Condition 21 as soon as practicable thereafter.

(c) *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 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 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.

19 Enforcement

The Trustee may at any time, at its discretion and without notice, take such steps, actions or proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed and the Bonds, but it shall not be bound to take any such steps, actions or proceedings or any other action in relation to the Trust Deed or the Bonds unless (i) it shall have been so directed by an Extraordinary Resolution 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 and/or prefunded to its satisfaction. No Bondholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

20 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 or taking any action or step unless indemnified and/or secured and/or prefunded 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 on a report, confirmation or certificate or any advice of any accountants, 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 Issuer, 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 or advice where the Issuer procures delivery of the same pursuant to its obligation to do so under any provision of these Conditions or the Trust Deed and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Bondholders in the absence of manifest error.

21 Notices

All notices regarding the Bonds will be valid if published through the electronic communication system of Bloomberg. Any such notice shall be deemed to have been given on the date of such publication. The Issuer shall also ensure that all notices are duly published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed and/or admitted to trading. If publication as provided above is not practicable, notice will be given by publication in a newspaper of general circulation in London (which is expected to be the *Financial Times*).

The Issuer shall send a copy of all notices given by it to Bondholders pursuant to these Conditions simultaneously to the Calculation Agent.

Notwithstanding the above, for so long as all the Bonds are represented by a Global Bond and the Global Bond is held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg and such notices shall be deemed to have been given to Bondholders on the day of delivery to Euroclear and/or Clearstream, Luxembourg.

22 Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions in all respects as the outstanding Bonds or in all respects except for the first date on which exchange rights may be exercised and so that such further issue shall be consolidated and form a single series with the Bonds. Any further bonds forming a single series with the outstanding Bonds shall be constituted by a deed supplemental to the Trust Deed.

23 Rights of Third Parties

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

24 Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Agency Agreement and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law. Condition 18(a) and the provisions of Schedule 3 of the Trust Deed which relate to the convening of meetings of Bondholders and the appointment of Bondholders' Representatives are subject to compliance with Italian law.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed or the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or the Bonds ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and has waived any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of the Trustee and each of the Bondholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) Agent for Service of Process

The Issuer has irrevocably appointed Eni UK Limited at its registered office for the time being, currently at Eni House, 10 Ebury Bridge Road, London SW1W 8PZ as its agent in England to receive service of process in any Proceedings in England. Nothing herein or in the Trust Deed shall affect the right to serve process in any other manner permitted by law.