

**PAYING, TRANSFER AND CONVERSION AGENCY
AGREEMENT**

DATED 20 March 2017

Snam S.p.A.

as Issuer

and

BNP PARIBAS SECURITIES SERVICES, LUXEMBOURG BRANCH

as Principal Paying, Transfer and Conversion Agent and Registrar

relating to

€400,000,000

Equity-Linked Bonds due 2022

ALLEN & OVERY

Allen & Overy

0013117-0002128 ICM:26135830.4

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THIS AGREEMENT is made on 20 March 2017

BETWEEN:

- (1) **Snam S.p.A.**, a company incorporated with limited liability (*società per azioni*) under laws of the Republic of Italy and registered with the Register of Enterprises in Milan with company number 13271390158 with offices at Piazza Santa Barbara 7, 20097 San Donato Milanese, Milan, Italy (the **Issuer**);
- (2) **BNP PARIBAS SECURITIES SERVICES**, a *société en commandite par actions* (S.C.A.) incorporated under the laws of France, registered with the *Registre du Commerce et des Sociétés* of Paris under number 552 108 011, whose registered office is at 3, Rue d'Antin – 75002 Paris, France and acting through its Luxembourg Branch whose offices are at 60, avenue J.F. Kennedy, L-1855 Luxembourg, having as its postal address L-2085 Luxembourg and registered with the Luxembourg trade and companies register under number B. 86 862, as principal paying, transfer and conversion agent; and
- (3) **BNP PARIBAS SECURITIES SERVICES**, a *société en commandite par actions* (S.C.A.) incorporated under the laws of France, registered with the *Registre du Commerce et des Sociétés* of Paris under number 552 108 011, whose registered office is at 3, Rue d'Antin – 75002 Paris, France and acting through its Luxembourg Branch whose offices are at 60 avenue J.F. Kennedy, L-1855 Luxembourg, having as its postal address L-2085 Luxembourg and registered with the Luxembourg trade and companies register under number B. 86 862, as registrar.

WHEREAS:

- (A) The Issuer proposes to issue €400,000,000 Equity-Linked Bonds due 2022 (the **Bonds**, which expression shall include, unless the context otherwise requires, any further Bonds issued pursuant to Condition 16 (*Further Issues*) and forming a single series with the Bonds) convertible into fully paid ordinary shares in the capital of the Issuer (the **Ordinary Shares**)).
- (B) The Bonds will be issued in registered form, in nominal amounts of €100,000 each (each an **Authorised Denomination**).
- (C) The Bonds will initially be represented by a global certificate (the **Global Bond**) in or substantially in the form set out in Schedule 2. The Global Bond will be exchangeable for Bonds in definitive registered Bonds in the circumstances set out in the Global Bond.
- (D) Bonds in definitive registered form will be evidenced by definitive certificates in or substantially in the form set out in Schedule 1.
- (E) The Issuer will enter into a calculation agency agreement dated the date of this Agreement (the **Calculation Agency Agreement**) with the calculation agent named therein (the **Calculation Agent**, which expression shall include any other or additional calculation agent appointed pursuant to the terms thereof).

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

Terms defined in the Conditions have the same meanings in this Agreement (except where otherwise defined in this Agreement) and except where the context requires otherwise:

Agents means the Principal Paying, Transfer and Conversion Agent, the Registrar and the Paying, Transfer and Conversion Agents or any of them;

Bonds means the €400,000,000 Equity-Linked Bonds due 2022 of the Issuer and (except in Clauses 3.1 and 3.2) includes the Global Bond;

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

Conditions means the terms and conditions set out in Schedule 1 as modified, with respect to any Bonds represented by the Global Bond, by the provisions of the Global Bond and any reference to a particularly numbered Condition shall be construed accordingly;

Conversion Notice means a notice of conversion substantially in the form for the time being current and which initially shall be in the form appearing in Schedule 5;

Global Bond means one or more global certificates which will evidence the Bonds substantially in the form set out in Schedule 2 and evidencing the registration of the person named therein in the Register;

outstanding means, in relation to the Bonds, all the Bonds issued except:

- (a) those which have been redeemed in accordance with the Conditions;
- (b) those in respect of which Settlement Rights or Conversion Rights have been exercised and all the obligations of the Issuer duly performed in relation thereto;
- (c) those in respect of which the date for redemption has occurred and the redemption moneys have been duly paid to the Principal Paying, Transfer and Conversion Agent as provided in this Agreement and remain available for payment against presentation and surrender of Bonds (if so required), as the case may be;
- (d) those in respect of which claims have become void or prescribed;
- (e) those which have been purchased and cancelled as provided in the Conditions; and
- (f) the Global Bond to the extent that it shall have been exchanged for definitive registered Bonds pursuant to its provisions,

provided that for the purposes of (1) ascertaining the right to attend and vote at any meeting of Bondholders and (2) the determination of how many Bonds are outstanding for the purposes of Schedule 8, those Bonds which are beneficially held by, or are held on behalf of, the Issuer or any of its Subsidiaries and not cancelled shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

Parties and **Party** mean, respectively, all or any of the Issuer and the Agents;

Paying, Transfer and Conversion Agents means the paying, transfer and conversion agents in respect of the Bonds appointed from time to time under this Agreement or an agreement supplemental to it and includes the Principal Paying, Transfer and Conversion Agent;

Principal Paying, Transfer and Conversion Agent means the Principal Paying, Transfer and Conversion Agent and the principal paying, transfer and conversion agent for the time being in respect of the Bonds appointed from time to time under this Agreement or an agreement supplemental to it, in its capacity as Principal Paying, Transfer and Conversion Agent;

Register means the register maintained by the Registrar which shall be kept at the specified office of the Registrar outside the United Kingdom in accordance with the Conditions and the Transfer Regulations;

Registrar means the registrar in respect of the Bonds appointed from time to time under this Agreement or an agreement supplemental to it; and

Settlement Notice means a notice substantially in the form for the time being current and which initially shall be in the form appearing in Schedule 4.

1.2 Interpretation

1.2.1 In this Agreement, unless the contrary intention appears, a reference to:

- (a) an **amendment** includes a supplement, restatement or novation and amended is to be construed accordingly;
- (b) a provision of law is a reference to that provision as extended, amended or re-enacted;
- (c) a clause or Schedule is a reference to a clause of, or a schedule to, this Agreement;
- (d) a document or any provision of a document is a reference to that document or provision as amended from time to time; and
- (e) a time of day is a reference to London time.

1.2.2 The headings in this Agreement do not affect its interpretation.

1.2.3 In this Agreement:

- (a) words denoting the singular shall include the plural and vice versa;
- (b) words denoting one gender only shall include the other gender; and
- (c) words denoting persons only shall include firms and corporations and vice versa.

1.2.4 All references in this Agreement to costs or charges or expenses shall include any value added tax or similar tax charged or chargeable in respect thereof.

1.2.5 All references to Bonds shall, unless the context otherwise requires, include the Global Bond and the definitive registered Bonds evidencing the Bonds.

1.2.6 References in this Agreement to principal and/or premium shall include any additional amounts payable pursuant to Condition 9 (*Taxation*).

1.3 Contracts (Rights of Third Parties) Act 1999

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

2 APPOINTMENT OF AGENTS

The Issuer appoints the Agents, which accept, as its agents in respect of the Bonds in accordance with the Conditions at their respective specified offices referred to in the Bonds. Except in Clause 20, references to the Agents are to them acting solely through such specified offices. Each Agent shall perform the duties required of it hereunder (including, without limitation, Schedule 8) and by the Conditions and, in performing those duties shall comply with the Conditions and the provisions of this Agreement. The obligations of the Agents are several and not joint.

With the prior written consent of the Issuer (such consent not to be unreasonably withheld), if in the Principal Paying, Transfer and Conversion Agent's opinion, acting reasonably, it deems it appropriate to delegate any of its roles, duties or obligations created hereunder to a third party, the Issuer hereby acknowledges the potential for such delegation provided that such third party is duly qualified and has the necessary skills to perform any duty or obligation so delegated and provided further that the Principal Paying, Transfer and Conversion Agent shall be, and shall remain, liable for any act or omission committed by such delegate, to the same extent as it would have been liable hereunder had it performed such act or omission itself and shall remain primarily responsible for the provision and performance (or the failure to provide or perform) of any role, duty or obligation so delegated. The Issuer shall not be responsible for the payment of any fees to, or the reimbursement of any expenses incurred by, such third party, which shall remain the sole responsibility of the Principal Paying, Transfer and Conversion Agent.

3 FORM OF THE BONDS

3.1 The Global Bond

The Bonds will be represented by the Global Bond in the principal amount of €400,000,000 and the Issuer shall procure that appropriate entries be made in the Register of Bondholders by the Registrar to reflect the issue of such Bonds. The Global Bond will be delivered to and registered in the name of BNP Paribas Securities Services, Luxembourg Branch acting as common depositary for Euroclear and Clearstream, Luxembourg. The Global Bond will be exchangeable for definitive registered Bonds as set out in the limited circumstances described in the Global Bond. Immediately before issue, the Issuer shall deliver to the Registrar, and the Registrar (or its agent on its behalf) shall authenticate, the duly executed Global Bond. The Registrar shall then return the Global Bond to or to the order of the Issuer for delivery to a depositary common to Euroclear Bank SA/NV and Clearstream Banking S.A.

3.2 The Definitive Registered Bonds

The definitive registered Bonds may be printed or typed and need not be security printed unless otherwise required by applicable legal or stock exchange or securities market requirements. The definitive registered Bonds will be substantially in the form set out in Schedule 1. The definitive registered Bonds will be endorsed with the Conditions.

So long as any of the Bonds is outstanding, the Registrar shall, within seven days of any request by the Issuer, certify to the Issuer the number of definitive registered Bonds held by it under this Agreement.

3.3 Signature

The Global Bond and any definitive registered Bonds will be signed manually or in facsimile by an authorised signatory of the Issuer. The Issuer may use the facsimile signature of any person who at the date of this Agreement is an authorised signatory of the Issuer. Bonds (including the Global Bond) so executed will be binding and valid obligations of the Issuer.

3.4 Exchange of interests in the Global Bond for Definitive Registered Bonds

3.4.1 Issue of definitive registered Bonds

If, in accordance with the Global Bond following an exchange event described therein, definitive registered Bonds are to be issued in exchange for interests in the Global Bond, the Issuer shall cause sufficient definitive registered Bonds to be executed and delivered to the Registrar in sufficient time for such definitive registered Bonds to be issued in accordance with the Global Bond. The Issuer authorises and instructs the Registrar to authenticate each definitive registered Bond delivered pursuant to this Clause 3.4.1.

If definitive registered Bonds are issued and the Principal Paying, Transfer and Conversion Agent informs the Issuer that it is unable to perform all or some of its obligations under this Agreement, the Issuer shall forthwith appoint an additional paying, transfer and conversion agent in accordance with Clause 20 which is able to perform the relevant obligations.

3.4.2 Provision of information

In order to receive such definitive registered Bonds, the holder of a Global Bond must provide the Registrar and the Issuer with a written order containing such instructions and other information as the Issuer and the Registrar may require to complete, execute and deliver such definitive registered Bonds.

3.4.3 Authentication and exchange

Upon receipt of the documents referred to in Clause 3.4.2, upon presentation of the Global Bond to the Registrar, and upon the written order of the Issuer, the Registrar shall arrange, only in accordance with the terms hereof, the Conditions and the Global Bond, for the authentication and delivery to, or to the order of, the person or persons named in the order referred to in Clause 3.4.2 of definitive registered Bonds registered in the name or names requested by such person or persons and the Registrar shall procure the reduction to zero of the principal amount of the beneficial interests in the Global Bond in exchange for which such definitive registered Bonds are issued, by annotation in the relevant Schedule thereto, accordingly. The Registrar shall ensure that the delivery of such definitive registered Bonds occurs (as far as practicable) simultaneously with the reduction in the principal amount of the Global Bond.

Following the exchange of the last interest in the Global Bond, the Registrar shall cause the Global Bond to be cancelled and delivered to the Issuer or as it may otherwise direct in writing.

3.5 Transfers or Exchanges of Definitive Registered Bonds

Transfers or exchanges of definitive registered Bonds issued following the occurrence of an exchange event shall be subject to the Transfer Regulations (as defined below), the restrictions and limitations set out thereon, if any, and to such certifications, if any, as are set forth in the form of transfer attached thereto.

4 PAYMENT

4.1 Payment to Principal Paying, Transfer and Conversion Agent

The Issuer will, before 10.00 a.m. (Central European time) on each date on which any payment in respect of the Bonds becomes due under the Conditions (for the purpose of this Clause 4, the **Due Date**), transfer to the Principal Paying, Transfer and Conversion Agent, to an account specified by

the Principal Paying, Transfer and Conversion Agent, such an amount in euro sufficient for the purposes of such payment.

The Issuer will ensure that no later than 10.00 a.m. (Central European time) on the second Business Day (as defined below) immediately preceding the date on which any payment is to be made to the Principal Paying, Transfer and Conversion Agent under this subclause 4.1, the Principal Paying, Transfer and Conversion Agent shall receive a payment confirmation by fax or authenticated SWIFT message from the paying bank of the Issuer. For the purposes of this subclause 4.1, **Business Day** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business in the Republic of Italy and Luxembourg.

In this Clause 4, the date on which a payment in respect of the Bonds becomes due means the first date on which the holder of a Bond is entitled to receive such payment under the Conditions, but disregarding the necessity for it to be a Business Day in any particular place of presentation.

In respect of any amount transferred under this subclause 4.1 by the Issuer to the Principal Paying, Transfer and Conversion Agent in respect of payments to be made by the Issuer further to exercise of the Settlement Rights or Conversion Rights, payments shall be made to the relevant Bondholders in accordance with the details set forth in the Settlement Notice or, as the case may be, the Conversion Notice.

4.2 Notification of non-payment

The Principal Paying, Transfer and Conversion Agent will forthwith notify by authenticated Swift message or facsimile each of the other Paying, Transfer and Conversion Agents and the Issuer if it has not by the Due Date for any payment due in respect of the Bonds received the full amount so payable on such date by the time specified for its receipt in subclause 4.1, unless it is satisfied that it will receive the relevant amount pursuant to subclause 4.1.

4.3 Payment by Paying, Transfer and Conversion Agents

Unless they receive a notification from the Principal Paying, Transfer and Conversion Agent under subclause 4.2, the Paying, Transfer and Conversion Agents will, subject to and in accordance with the Conditions, pay or cause to be paid on behalf of the Issuer on and after each Due Date therefor the amounts due in respect of the Bonds and will be entitled to claim any amounts so paid from the Principal Paying, Transfer and Conversion Agent.

If any payment provided for in subclause 4.1 is made later than specified in such subclause but otherwise in accordance with this Agreement, the Paying, Transfer and Conversion Agents shall nevertheless make such payments in respect of the Bonds as stated above promptly following receipt by it of such payment.

If for any reason the Principal Paying, Transfer and Conversion Agent considers in its sole discretion (acting reasonably) that the amounts to be received by it under subclause 4.1 will be, or the amounts actually received by it are, insufficient to satisfy all claims in respect of all payments then falling due in respect of the Bond, no Paying, Transfer and Conversion Agent shall be obliged to pay any such claims until the Principal Paying, Transfer and Conversion Agent has received the full amount of all such payments.

4.4 Reimbursements of Paying, Transfer and Conversion Agents

The Principal Paying, Transfer and Conversion Agent shall on demand promptly reimburse each other Paying, Transfer and Conversion Agent for payments in respect of the Bonds properly made by each Paying, Transfer and Conversion Agent in accordance with this Agreement and the Conditions

unless the Principal Paying, Transfer and Conversion Agent has notified the relevant Paying Transfer and Conversion Agent, prior to its opening of business on the due date of a payment in respect of the Bonds, that the Principal Paying, Transfer and Conversion Agent does not expect to receive sufficient funds to make payment of all amounts falling due in respect of the Bonds.

4.5 Late Payment

The Principal Paying, Transfer and Conversion Agent shall notify each of the other Paying, Transfer and Conversion Agents immediately:

- (a) if it has not by the relevant date set out in subclause 4.1 received unconditionally the full amount required for the payment; and
- (b) if it receives unconditionally the full amount of any sum payable in respect of the Bonds or after that date.

The Principal Paying, Transfer and Conversion Agent shall, at the expense of the Issuer, immediately on receiving any amount as described in subclause 4.5(b) above, cause notice of that receipt to be published under Condition 15 (*Notices*).

4.6 Method of payment to Principal Paying, Transfer and Conversion Agent

All sums payable to the Principal Paying, Transfer and Conversion Agent hereunder will be paid in euro via the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System (the **TARGET 2 System**) and in immediately available or same day funds to such account as the Principal Paying, Transfer and Conversion Agent may from time to time notify to the Issuer. For the avoidance of doubt, nothing contained herein shall require the Principal Paying, Transfer and Conversion Agent to make payment unless and until the Principal Paying, Transfer and Conversion Agent has received immediately available funds sufficient to make such payments.

4.7 Moneys held by Principal Paying, Transfer and Conversion Agent

The Principal Paying, Transfer and Conversion Agent shall be entitled to deal with money paid to it by the Issuer for the purposes of this Agreement in the same manner as other money paid to a banker by its customers except:

- (a) that it shall not exercise any right of set-off, lien or similar claim in respect of the money; and
- (b) that it shall not be liable to account to the Issuer for any interest on the money.

4.8 Partial Payments

If on presentation of a Bond only part of the amount payable in respect of it is paid (except as a result of a deduction of tax permitted by the Conditions), the Paying, Transfer and Conversion Agent to whom the Bond is presented shall procure that the Register is enfaced with a memorandum of the amount paid and the date of payment.

4.9 Reimbursement of Principal Paying, Transfer and Conversion Agent

If the Principal Paying, Transfer and Conversion Agent pays any amounts to the holders of Bonds or to any other Paying, Transfer and Conversion Agent at a time when it has not received payment in full in respect of the relevant Bonds in accordance with subclause 4.1 (the excess of the amounts so paid over the amounts so received being the **Shortfall**), the Issuer will, in addition to paying amounts due under subclause 4.1, pay to the Principal Paying, Transfer and Conversion Agent on

demand interest (at a rate which represents the Principal Paying, Transfer and Conversion Agent's cost of funding the Shortfall) on the Shortfall (or the unreimbursed portion thereof) until the receipt in full by the Principal Paying, Transfer and Conversion Agent of the Shortfall.

5 SETTLEMENT RIGHTS

5.1 Settlement Notices

Promptly upon request from time to time, the Issuer will provide the Agents with copies of the form of Settlement Notice for the time being current.

5.2 Exercise of Settlement Rights in respect of Bonds

Subject as provided herein and in the Conditions, Bondholders may exercise Settlement Rights in respect of any Bonds by delivering the relevant Bonds to the specified office of any Agent during its usual business hours, together with a duly completed and signed Settlement Notice (the form of which shall be furnished upon request to any Bondholder by such Agent) and each Agent shall:

5.2.1 accept delivery on behalf of the Issuer of such Bonds and such duly completed and signed Settlement Notice (which may be by facsimile while the Bonds are represented by the Global Bond); and

5.2.2 on the date of delivery of such Settlement Notice send a copy of such Settlement Notice to the Issuer and the Calculation Agent by facsimile,

it being understood that the Calculation Agent has agreed pursuant to the Calculation Agency Agreement to determine the Cash Alternative Amount to be delivered.

5.3 Exercise of Settlement Rights while Bonds in global form

Settlement Rights attaching to Bonds represented by the Global Bond shall be exercised in the manner set out in Clause 5.2, provided that (i) where appropriate, references to **Bondholders** shall be construed as references to the holders of the Global Bond, (ii) the Global Bond shall be annotated to take account of such exercise and returned to the holder thereof, and (iii) the holding of a beneficial interest in the Global Bond by an account holder of any clearing system in which the Global Bond is held at such time in respect of which Settlement Rights are exercised will be confirmed by the Principal Paying, Transfer and Conversion Agent with the relevant clearing system.

5.4 Endorsement of Settlement Notice

Upon the conditions referred to in Clause 5.2, or as the case may be, Clause 5.3 being fulfilled, the relevant Settlement Notice shall be endorsed and held subject to Clause 5.5, by the relevant Agent.

5.5 Notification by Agents

Immediately upon the conditions being fulfilled in accordance with Clause 5.2, or, as the case may be, Clause 5.3, the Principal Paying, Transfer and Conversion Agent shall despatch as soon as practicable and in any event within two days after satisfaction by the Bondholder of all conditions precedent to settlement to the Issuer, the Settlement Notice duly endorsed pursuant to Clause 5.4.

5.6 Compliance with Conditions

The Issuer and the Agents respectively undertake to comply with the Conditions with respect to the redemption of the Bonds following the exercise of Settlement Rights.

5.7 Identification Codes

Each Settlement Notice and each facsimile transmission sent in respect of a Settlement Notice pursuant to the foregoing provisions of this Clause 5 by any Paying, Transfer and Conversion Agent shall indicate the identification code designated below for that Paying, Transfer and Conversion Agent followed by the words "Snam S.p.A. €400,000,000 Equity-Linked Bonds due 2022", and shall bear the lowest number previously unused by that Paying, Transfer and Conversion Agent in the sequence of whole numerals starting from one and continuing in uninterrupted sequence upwards, for identification. All confirmatory or subsequent communications (regardless of the identity of the sender or the recipient thereof) with regard to such Settlement Notice shall bear the same identifying serial number as well as the identification code of the relevant Paying, Transfer and Conversion Agent.

The identification code of each of the Paying, Transfer and Conversion Agents shall be as follows:

BNP Paribas Securities Services, Luxembourg Branch as Principal Paying, Transfer and Conversion Agent	BNPPSS
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5.8 Taxes

Neither the Principal Paying, Transfer and Conversion Agent nor any other Agent shall have any obligation to determine what, if any, tax, capital, stamp, issue or registration and transfer taxes and duties or other expenses arise on exercise of Settlement Rights or upon the disposal or deemed disposal of a Bond or any interest therein in connection with such exercise or by whom or to whom any such sums should be paid.

6 PHYSICAL SETTLEMENT NOTICE; RELEVANT EVENT NOTICE

6.1 Notice of passing of the Shareholder Resolution

The Issuer shall notify the Principal Paying, Transfer and Conversion Agent as soon as the Shareholder Resolution (as defined in the Conditions) have been passed.

6.2 Publication of Notices

The Principal Paying, Transfer and Conversion Agent shall at the request and expense of the Issuer publish the Physical Settlement Notice pursuant to Condition 6.1(a) (*Conversion Rights and Settlement Rights*), and any Relevant Event Notice pursuant to Condition 6.5(a) (*Relevant Event*), in accordance with the requirements of Condition 15 (*Notices*).

7 CONVERSION OF THE BONDS

7.1 Conversion Notices

As soon as reasonably practicable following receipt of a request from time to time, the Issuer will provide the Paying, Transfer and Conversion Agents, the Registrar and the holders of the Bonds with copies of the form of Conversion Notice for the time being current (which initially shall be in the form appearing in Schedule 5).

7.2 Exercise of Conversion Rights in respect of Bonds

Subject as provided herein and in the Conditions, Bondholders may exercise Conversion Rights in respect of an Authorised Denomination only by delivering such Bond for conversion to the specified office of any Paying, Transfer and Conversion Agent during its usual business hours, together with a duly completed and signed Conversion Notice (the form of which shall be furnished upon request to

any Bondholder by any Paying, Transfer and Conversion Agent) and the relevant Paying, Transfer and Conversion Agent shall:

- 7.2.1 accept delivery on behalf of the Issuer of such Bonds and such duly completed and signed Conversion Notice;
- 7.2.2 require, in respect of any exercise of Conversion Rights by or on behalf of a Bondholder, the relevant Bondholder to have represented, warranted and agreed, in each case in accordance with Paragraph 4 of the relevant Conversion Notice (i) that such Bondholder has complied with all applicable fiscal or other laws or regulations as provided in the Conditions, and (ii) that such Bondholder has paid to the extent required by Condition 6.6(a) (*Exercise of Conversion Rights and Settlement Rights*), all taxes and capital, stamp, issue, registration and transfer taxes and duties arising on conversion (other than any taxes or capital, stamp, issue, registration and transfer taxes and duties payable in Italy in respect of the transfer and delivery of any Ordinary Shares and any Additional Ordinary Shares in respect of such exercise, including without limitation any such taxes payable in Italy pursuant to Article 1, paragraphs 491 to 500, of Law No. 228 of 24 December 2012, as amended and/or any other applicable provision, which shall be paid by the Issuer, but excluding any such taxes payable pursuant to Italian Legislative Decree No. 239 of 1 April 1996 or No. 461 of 21 November 1997 or payable in Italy on the net income of that Bondholder (including, without limitation, pursuant to IRES (*imposta sul reddito delle società*), IRAP (*imposta regionale sulle attività produttive*), IRPEF (*imposta sul reddito delle persone fisiche*), IRI (*imposta sul reddito di impresa*) or any similar taxes));
- 7.2.3 on the date of delivery of such Conversion Notice send a copy of such Conversion Notice to the Issuer and the Calculation Agent by facsimile,

it being understood that the Calculation Agent has agreed pursuant to the Calculation Agency Agreement to determine the number of Ordinary Shares to be delivered and, if applicable, the Cash Alternative Amount.

For the purpose of determining the Delivery Date and the Additional Delivery Date, the Issuer shall from time to time notify the Principal Paying, Transfer and Conversion Agent of (i) the last dealing day (as defined in the Conditions) of the calendar month in which the relevant Conversion Notice was delivered to the Paying, Transfer and Conversion Agent, or in which the relevant Reference Date occurs, as the case may be, and (ii), if such Conversion Notice is delivered or Reference Date occurs from the 16th calendar day up to and including the last calendar day of any calendar month, the 10th dealing day of the calendar month immediately following the calendar month in which the relevant Conversion Notice is delivered or the relevant Reference Date occurs.

7.3 Delivery of Ordinary Shares

Subject as provided herein and in the Conditions, the Ordinary Shares to be transferred and delivered on conversion of any Bonds shall be delivered through Monte Titoli S.p.A. unless at the relevant time the Ordinary Shares are not a participating security in Monte Titoli S.p.A., and such Ordinary Shares shall be credited by the Issuer to the account specified by the relevant Bondholders in the relevant Conversion Notice (which must be the account of a direct participant of Monte Titoli S.p.A. unless at the relevant time the Ordinary Shares are not a participating security in Monte Titoli S.p.A.).

7.4 Exercise of Global Bond Conversion Rights

Conversion Rights attaching to Bonds represented by the Global Bond shall be exercised in the manner set out in Clause 7.2, provided that (i) references to **Bondholders** shall be construed as

references to holders of beneficial interests in the Global Bond; (ii) an appropriate entry in the Register shall be made to evidence the conversion and the Global Bond shall be annotated (for information purposes only) to take account of such conversion and returned to the holder thereof, and (iii) the holding of a beneficial interest in the Global Bond by an accountholder of Euroclear or Clearstream, Luxembourg or any clearing system in which the Global Bond is held at such time in respect of which Conversion Rights are exercised will be confirmed by the Principal Paying, Transfer and Conversion Agent with the relevant clearing system.

7.5 Endorsement of Conversion Notice

Upon the conditions referred to in Clause 7.2 or, as the case may be, Clause 7.4 being satisfied, the relevant Agent shall endorse the relevant Conversion Notice and thereafter promptly deliver it to the Principal Paying, Transfer and Conversion Agent (where such Agent is not the Principal Paying, Transfer and Conversion Agent).

7.6 Notification by Agents

Immediately upon the conditions being satisfied in accordance with Clause 7.2, or, as the case may be, Clause 7.4, the Principal Paying, Transfer and Conversion Agent shall despatch as soon as practicable and in any event within two days after satisfaction by the Bondholder of all conditions precedent to conversion to the Issuer and the Registrar, the Conversion Notice duly endorsed pursuant to Clause 7.5.

7.7 Notification of Adjustment to Conversion Price

The Issuer shall, whenever there is an adjustment to the Conversion Price pursuant to the Conditions, as soon as practicable after the determination thereof advise the Principal Paying, Transfer and Conversion Agent and the Registrar (or procure that they are so advised) of both the previous and the new Conversion Price (with a brief statement of the facts requiring such adjustment) and the date as from which the new Conversion Price has become or will become effective. The Principal Paying, Transfer and Conversion Agent shall at the expense of the Issuer publish in accordance with the requirements of Condition 15 (*Notices*) notice to the Bondholders of any adjustments to the Conversion Price.

7.8 Undertakings with respect to Conversion

The Issuer and the Agents respectively undertake to comply with the Conditions with respect to conversion of the Bonds and transfer and delivery of Ordinary Shares in accordance with the provisions of this Agreement and the Conditions.

7.9 Identification Codes

Each Conversion Notice and each facsimile transmission sent in respect of a Conversion Notice pursuant to the foregoing provisions of this Clause 7 by any Agent shall indicate the identification code designated below for that Agent followed by the words "Snam S.p.A. €400,000,000 Equity-Linked Bonds due 2022", and shall bear the lowest number previously unused by that Agent in the sequence of whole numerals starting from one and continuing in uninterrupted sequence upwards, for identification. All confirmatory or subsequent communications (regardless of the identity of the sender or the recipient thereof) with regard to such Conversion Notice shall bear the same identifying serial number as well as the identification code of the relevant Agent.

The identification code of each of the Paying, Transfer and Conversion Agents shall be as follows:

BNP Paribas Securities Services, Luxembourg Branch as Principal BNPPSS

Paying, Transfer and Conversion Agent

The identification code of the Registrar shall be as follows:

BNP Paribas Securities Services, Luxembourg Branch as Registrar BNPPSSR

7.10 Taxes

Neither the Principal Paying, Transfer and Conversion Agent nor any other Agent shall have any obligation to determine what, if any, tax, capital, stamp, issue or registration duties or other expenses arise on conversion or upon the disposal or deemed disposal of a Bond or any interest therein in connection with such conversion or by whom or to whom any such sums should be paid.

8 REPAYMENT BY PRINCIPAL PAYING, TRANSFER AND CONVERSION AGENT

If claims in respect of any principal become void under the Conditions, the Principal Paying, Transfer and Conversion Agent shall forthwith repay to the Issuer the amount which would have been due if presentations for payment had been made before such claims became void. The Principal Paying, Transfer and Conversion Agent shall not however be otherwise required or entitled to repay any sums received by it under this Agreement.

9 EARLY REDEMPTION

9.1 Notice of Redemption

If the Issuer intends to redeem all or any of the Bonds under Condition 7.2(a) (*Soft Call and Clean-up Call*), Condition 7.2(b) (*Redemption following non-passing of the Shareholder Resolution*) or Condition 7.2(c) (*Redemption for Taxation Reasons*) before their stated maturity date it shall, at least seven days before the latest date for the publication of the notice of redemption required to be given to Bondholders, give notice of its intention to the Principal Paying, Transfer and Conversion Agent stating the date on which such Bonds are to be redeemed.

9.2 Optional Redemption Notice, Shareholder Event Notice or Tax Redemption Notice

The Principal Paying, Transfer and Conversion Agent shall publish the notice required in connection with such redemption on behalf of the Issuer in accordance with the requirements of Condition 15 (*Notices*). Such notice shall specify:

- (i) the Optional Redemption Date, Shareholder Event Redemption Date or Tax Redemption Date, as the case may be, and in the case of redemption pursuant to Condition 7.2(b) (*Redemption following non-passing of the Shareholder Resolution*) the price at which the Bonds will be redeemed;
- (ii) the aggregate nominal amount of the Bonds outstanding;
- (iii) in the case of redemption pursuant to Condition 7.2(a) (*Soft Call and Clean-up Call*) or Condition 7.2(c) (*Redemption for Taxation Reasons*), the Conversion Price and the closing price of the Ordinary Shares as derived from the Relevant Stock Exchange, in each case as at the latest practicable date prior to the publication of the Optional Redemption Notice or Tax Redemption Notice; and
- (iv) in the case of redemption pursuant to Condition 7.2(a) (*Soft Call and Clean-up Call*) or Condition 7.2(c) (*Redemption for Taxation Reasons*), the last day on which Conversion Rights or, as applicable, Settlement Rights may be exercised by Bondholders.

Six weeks prior to the final expiry of the Conversion Period or, as applicable, Settlement Period (assuming no early redemption in full of the Bonds) (being the close of business on the date falling seven calendar days prior to the Final Maturity Date) the Principal Paying, Transfer and Conversion Agent acting on the instructions of the Issuer and on behalf and at the expense of the Issuer shall publish a notice reminding Bondholders of the then current Conversion Price (as adjusted in accordance with Condition 6.4 (*Adjustments to Conversion Price*), if applicable) and the last day of the Conversion Period or, as applicable, Settlement Period.

9.3 Put Exercise Notices

Each Paying, Transfer and Conversion Agent will keep a stock of notices in forms similar to that set out in Schedule 6 (each, a **Put Exercise Notice**) and will make them available on demand to the Bondholders. At the end of any period for exercising any option in Condition 7.3 (*Redemption at the Option of Bondholders following a Relevant Event*), each Paying, Transfer and Conversion Agent shall promptly notify the Principal Paying, Transfer and Conversion Agent of the nominal amount of Bonds in respect of which Put Exercise Notices have been deposited with it and will forward such Put Exercise Notices to the Principal Paying, Transfer and Conversion Agent. The Principal Paying, Transfer and Conversion Agent shall promptly send by facsimile transmission a copy of such Put Exercise Notice to the Issuer and notify such details and details of the nominal amount of Bonds in respect of which an option in Condition 7.3 (*Redemption at the Option of Bondholders following a Relevant Event*) has been exercised to the Issuer and the Calculation Agent.

10 CANCELLATION, DESTRUCTION AND RECORDS

10.1 Cancellation by Paying, Transfer and Conversion Agents

All Bonds which are presented or surrendered for conversion, exchange or redemption shall be cancelled by the removal of the relevant holder's name from the Register by the Registrar. The Agent receiving such Bonds shall, if not the Principal Paying, Transfer and Conversion Agent, send the details required by the Principal Paying, Transfer and Conversion Agent for the purposes of notification pursuant to Clause 10.3 and its records pursuant to Clause 10.5 and, where appropriate, the cancelled Bonds to or to the order of the Principal Paying, Transfer and Conversion Agent.

10.2 Cancellation by Issuer

If the Issuer or any of its Subsidiaries purchases any Bonds which are to be cancelled after such purchase, the Issuer shall forthwith cancel them or procure their cancellation and send them (if in definitive form) to the Principal Paying, Transfer and Conversion Agent. All Bonds which are redeemed or in respect of which Conversion Rights or Settlement Rights are exercised shall be cancelled, and (in such case) any Agent receiving such Bonds (if in definitive form) shall, if not the Principal Paying, Transfer and Conversion Agent, forthwith send them to the Principal Paying, Transfer and Conversion Agent.

10.3 Certification of Payment Details

The Principal Paying, Transfer and Conversion Agent shall as soon as reasonably practicable and in any event within two months after the date of any such redemption, cancellation, conversion or payment send to the Issuer a certificate stating (1) the aggregate principal amount of Bonds which have been redeemed, converted or cancelled, and (2) the certificate numbers of such Bonds.

10.4 Destruction

Upon receiving authorisation from Euroclear and Clearstream, Luxembourg to do so (to the extent that such authorisation is necessary) and unless otherwise instructed by the Issuer, the Principal

Paying, Transfer and Conversion Agent shall destroy the cancelled Bonds in its possession and send the Issuer a certificate giving the certificate numbers of such Bonds so destroyed in numerical sequence.

10.5 Records

The Principal Paying, Transfer and Conversion Agent shall keep a full and complete record of all Bonds and of their purchase, redemption, conversion, replacement, cancellation and destruction and of the conversion of Bonds into existing Ordinary Shares. It shall make such record available at all reasonable times to the Issuer.

11 DUTIES OF THE AGENTS IN RESPECT OF TRANSFER OF BONDS

If and to the extent specified by the Conditions and in accordance therewith and the terms of this Agreement or if otherwise requested by the Issuer each Agent will:

11.1.1 receive requests for the transfer of Bonds, inform the Registrar of the aggregate principal amount of Bonds to be transferred, the name(s) and address(es) to be entered on to the Register and the place and manner of delivery of the new definitive registered Bond (if any), forward the deposited definitive registered Bonds to the Registrar (if appropriate), and assist in the issue of a new definitive registered Bond in accordance with the Transfer Regulations;

11.1.2 keep the Registrar informed of all transfers; and

11.1.3 carry out such other acts as may be necessary to give effect to the Conditions and the other provisions of this Agreement.

12 REPLACEMENT BONDS

12.1 Stocks of Bonds

The Issuer shall cause a sufficient quantity of additional forms of Bonds to be made available, upon request, to the Registrar or the Principal Paying, Transfer and Conversion Agent (each in such capacity, the **Replacement Agent**) for the purpose of issuing replacement Bonds as provided below.

12.2 Replacement

The Replacement Agent shall issue replacement Bonds in accordance with the Conditions and this Agreement.

12.3 Conditions to Replacement

The Replacement Agent shall verify, in the case of an allegedly lost, stolen, mutilated, defaced or destroyed Bond in respect of which the certificate number is known or believed to be known, that such Bond has not previously been redeemed, purchased, paid or, as the case may be, converted. The Replacement Agent shall not issue a replacement Bond unless and until the applicant therefor has:

12.3.1 paid such fees, expenses and costs as may be incurred by the Issuer or Principal Paying, Transfer and Conversion Agent in connection with the replacement;

12.3.2 furnished it with such evidence and indemnity as the Issuer may reasonably require; and

12.3.3 in the case of any mutilated or defaced Bond, surrendered it to the Replacement Agent.

12.4 Cancellation

The Replacement Agent shall cancel and, unless otherwise instructed by the Issuer, destroy any mutilated or defaced Bonds replaced by it and shall send the Issuer, the Registrar and the Principal Paying, Transfer and Conversion Agent a certificate giving the information specified in Clause 10.4.

12.5 Notification

The Replacement Agent shall, on issuing a replacement Bond, forthwith inform the Issuer and the other Agents of the certificate numbers of the replacement Bonds issued and (if known) of the Bond which it replaces.

12.6 Presentation of a replaced definitive registered Bond

Whenever a Bond which has been replaced is presented to an Agent for payment or transfer, that Agent (if it is not itself the Principal Paying, Transfer and Conversion Agent or the Registrar) shall forthwith send notice to the Principal Paying, Transfer and Conversion Agent and the Registrar, and the Principal Paying, Transfer and Conversion Agent shall forthwith notify the Issuer.

13 DUTIES OF THE REGISTRAR

13.1 The Register

The Registrar shall maintain the Register which shall be kept at the specified office of the Registrar outside the United Kingdom in accordance with the Conditions and the Transfer Regulations. The Register shall show (i) the outstanding principal amount of Bonds represented by the Global Bond, (ii) the outstanding principal amounts and the certificate numbers of any definitive registered Bonds, (iii) the dates of issue of all Bonds, (iv) all subsequent transfers, conversions, redemptions and changes of ownership of Bonds, (v) the names, addresses and account details of the holders of the Bonds, (vi) all payments of interest, premium and principal made (as applicable), (vii) all cancellations of Bonds, whether because of their purchase by the Issuer or any Subsidiary of the Issuer, their replacement, conversion or otherwise and (viii) all replacements of Bonds (subject, where appropriate, in the case of (vii), to the Registrar having been notified as provided in this Agreement).

The Registrar shall maintain proper records of the details of all documents received by itself or any other Agent and shall prepare all such lists of holders of the Bonds as may be required by the Issuer or the Principal Paying, Transfer and Conversion Agent or any person authorised by either of them.

The Registrar shall at all reasonable times during office hours make the Register available to the Issuer and the Principal Paying, Transfer and Conversion Agent or any person authorised by any of them for inspection and for the taking of copies thereof or extracts therefrom and the Registrar shall deliver to such persons all such lists of holders of Bonds, their addresses and holdings as they may request.

13.2 Receipt of Requests

The Registrar will receive requests for the transfer or, pursuant to Clause 5, the redemption of the Bonds or, pursuant to Clause 7, the conversion of Bonds and will also receive Bonds deposited with the other Agents for transfer and effect the necessary entries in accordance with the Transfer Regulations. The Registrar will also receive any document in relation to or affecting the title to any of the Bonds including all forms of transfer, conversion or exchange, probates, letters of administration and powers of attorney.

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). Such delivery shall take place, at the election of the transferee and/or transferor as indicated in the form of application for transfer, by (a) making available the relevant Bond for collection by the transferee and/or transferor at the specified office of the Registrar or (b) 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) by mailing the Bond by uninsured mail to such address as the transferee or, as the case may be, the transferor has indicated in the form of application for transfer.

13.3 Payment

The Registrar shall notify the Principal Paying, Transfer and Conversion Agent upon its request not less than seven days before each due date for the payment of the names and addresses of all registered holders of the Bonds at the close of business on the relevant Record Date and the amounts of their holdings in order to enable the Principal Paying, Transfer and Conversion Agent to make or arrange for due payment to the holders of the amounts payable in respect of the Bonds. The Registrar will record payments of principal in respect of the Bonds in the Register.

13.4 Miscellaneous

The Registrar shall comply with the proper and reasonable requests of the Issuer with respect to the maintenance of the Register. The Registrar will carry out such other acts as may be necessary to give effect to the Conditions and the other provisions of this Agreement.

14 DOCUMENTS AND FORMS FOR THE REGISTRAR

14.1 Supply of Forms

If the Global Bond is, pursuant to its provisions, to be exchanged for definitive registered Bonds, the Issuer will deliver to the Registrar for the performance of its duties hereunder:

14.1.1 a supply of forms of duly executed definitive registered Bonds sufficient to meet the Registrar's anticipated requirements for definitive registered Bonds in reasonably sufficient time for the issue of the definitive registered Bonds; and

14.1.2 from time to time, so long as any Bond is outstanding, sufficient additional forms of duly executed definitive registered Bonds as may be required for the performance of the Registrar's duties.

14.2 Safekeeping of Bonds

The Registrar shall maintain in safe custody all Bonds and forms of Bond delivered to and held by it and shall ensure that Bonds are issued only in accordance with the Conditions (including the provisions of the Global Bond) and the provisions of this Agreement.

14.3 Information

Within seven days of any request therefor by the Issuer or the Principal Paying, Transfer and Conversion Agent, so long as any of the Bonds is outstanding, the Registrar shall certify to the Issuer and the Principal Paying, Transfer and Conversion Agent the number of Bonds held by it hereunder.

15 INFORMATION AND REGULATIONS CONCERNING THE BONDS

15.1 Provision of Information

The Agents will give to the other Agents, the Issuer and the Registrar such further information with regard to their activities hereunder as may reasonably be required by them for the proper carrying out of their respective duties and to enable the Issuer to satisfy its obligations under the Bonds.

15.2 Regulations

The Issuer may, subject to the Conditions, from time to time promulgate regulations concerning the carrying out of transfers and registration of Bonds and the forms and evidence to be provided (the **Transfer Regulations**). The initial Transfer Regulations are set out in Schedule 3. The Agents agree to comply with the Transfer Regulations as the same may be amended from time to time by agreement among the Issuer, the Principal Paying, Transfer and Conversion Agent and the Registrar.

16 PUBLICATION AND RECEIPT OF NOTICES

16.1 Publication

On behalf of and at the request and expense of the Issuer, the Principal Paying, Transfer and Conversion Agent shall arrange for the publication of all notices required to be given by the Issuer under the Conditions (including but without limitation to those referred to in Clause 6 above). Notices to Bondholders shall be published in accordance with the Conditions, as modified by the provisions of the Global Bond if applicable. In the case of any notice that requires publication in a newspaper, the Issuer shall provide the Principal Paying, Transfer and Conversion Agent with not less than 10 days' prior notice that such publication is required.

16.2 Notice of Default

The Principal Paying, Transfer and Conversion Agent shall promptly notify the Issuer of any notice received by it from a Bondholder (as the case may be) under Condition 10 (*Events of Default*).

16.3 Receipt of Notices

Each Agent, immediately after it receives a demand or notice from any Noteholder in accordance with the Conditions, shall (where such Agent is not the Principal Paying, Transfer and Conversion Agent) forward a copy to the Principal Paying, Transfer and Conversion Agent and the Principal Paying, Transfer and Conversion Agent shall thereupon immediately forward a copy to the Issuer.

17 DOCUMENTS AND FORMS

The Issuer shall send to the Paying, Transfer and Conversion Agents:

- 17.1 sufficient copies of all documents required by the Bonds, any listing particulars or prospectus relating to the Bonds or any stock exchange or securities market on which the Bonds are listed and/or traded from time to time to be available for issue or inspection and/or collection (and the Paying, Transfer and Conversion Agents shall make them so available to Bondholders); and
- 17.2 as required, Settlement Notices, Conversion Notices, Put Exercise Notices and forms of proxy, together with instructions as to how to complete, deal with and record the issue of such forms (and the Paying, Transfer and Conversion Agents shall make such documents available to Bondholders during business hours and shall co-operate with the Issuer and, if

applicable, Euroclear and/or Clearstream, Luxembourg, and any stock exchange or securities market on which the Bonds are for the time being listed and/or traded).

18 INDEMNITY

18.1 By Issuer

The Issuer shall indemnify each Agent, on an after tax basis, against any direct loss, liability, cost, claim, action, demand or expense (together, **Losses**) (including, but not limited to, all reasonable costs, legal fees, charges and expenses (together, **Expenses**) paid or incurred in disputing or defending any Losses properly and accurately documented) which it may incur or which may be made against it arising out of or in relation to or in connection with its appointment or the exercise of its functions, except for any Losses or Expenses resulting from its own gross negligence, bad faith or wilful default or that of its directors, officers, employees or agents.

18.2 By Agents

Each of the Agents shall indemnify the Issuer, on an after tax basis, against any Losses (including, but not limited to, all reasonable costs, legal fees, charges and expenses paid or incurred in disputing or defending any Losses properly and accurately documented) which it may incur or which may be made against it arising out of or in relation to or in connection with its gross negligence, bad faith or wilful default or that of its directors, officers, employees or agents.

18.3 Survival

The indemnities provided for in Clauses 18.1 and 18.2 shall survive any termination and expiry of this Agreement.

18.4 Direct/Consequential Loss

Notwithstanding any provision of this Agreement to the contrary, no Agent or Paying Agent shall in any event be liable for the following direct losses: loss of profits, loss of contracts or loss of goodwill. Under no circumstances will any Agent or Paying Agent be liable to the Issuer or any other party to this Agreement for any consequential loss or damage (including but not limited to, loss of business, goodwill, opportunity or profit), even if advised of the possibility of such loss or damage.

18.5 Force Majeure Event

Notwithstanding any other provisions of this Agreement, if an Agent is rendered unable to carry out its obligations under this Agreement as a result of the occurrence of a Force Majeure Event, the Agent shall not be liable for any failure to carry out such obligations for so long as it is so prevented.

Force Majeure Event means any event due to any cause beyond the reasonable control of the Agent, such as restrictions on the convertibility or transferability of currencies, requisitions, unavailability of communications systems, sabotage, fire, flood, explosion, acts of God, civil commotion, strikes or industrial action of any kind (other than any such actions or strikes undertaken by the Agent itself or its employees), riots, insurrection, war or acts of government.

19 GENERAL

19.1 No agency or trust

In acting under this Agreement the Agents shall have no obligation towards or relationship of agency or trust with any Bondholder and act solely as agent of the Issuer and shall only perform the duties

set out specifically in this Agreement and the Conditions and any duties necessarily incidental to them. None of the Agents shall be under any obligation to take any action hereunder which may involve it incurring any expense or liability, the payment or indemnification of which within a reasonable time is not assured to it.

19.2 Holder to be treated as owner

Except as otherwise required by law, each Agent will treat the registered holder of a Bond shown on the Register as its absolute owner as provided in the Conditions and will not be liable for doing so.

19.3 No lien

No Paying, Transfer and Conversion Agent shall exercise any lien, right of set-off or similar claim against any Bondholder in respect of moneys payable by it under this Agreement.

19.4 Taking of advice

Each Agent may consult with reputable legal and other professional advisers with respect to its rights and duties hereunder and may rely on the opinion of any such advisers. Failure to consult with such advisers on any matter shall not be construed as evidence of any Agent not acting in good faith.

19.5 Reliance on documents etc.

No Agent shall be liable in respect of anything done or suffered by it in reliance on a Bond, notices, certificates or other document reasonably believed by it to be genuine.

19.6 Other relationships

Any Agent and its officers, directors and employees may become the owner of, and/or acquire any interest in, any Bonds with the same rights that it or he would have had if the Agent concerned were not appointed under this Agreement, and may engage or be interested in any financial or other transaction with the Issuer and may act on, or as depositary, trustee or agent for, any committee or body of holders of Bonds or in connection with any other obligations of the Issuer as freely as if the Agent were not appointed under this Agreement.

19.7 No implied duties

The Agents shall be obliged to perform such duties as are set out in this Agreement (including Schedule 8 in the case of the Principal Paying, Transfer and Conversion Agent) and the Conditions, and no implied duties or obligations shall be read into this Agreement or the Conditions against any Agent, other than the duty to act honestly and in good faith and to exercise the diligence of a reasonably prudent agent in comparable circumstances.

20 CHANGES IN AGENTS

20.1 Appointment and Termination

Subject to Clause 20.3, the Issuer may at any time without giving any reason or being responsible for any costs occasioned by such resignation appoint additional Paying, Transfer and Conversion Agents and/or terminate the appointment of any Agent by giving to the Principal Paying, Transfer and Conversion Agent and that Agent at least 45 days' notice to that effect, which notice shall expire at least 30 days before or after any due date for payment of any Bonds.

20.2 Resignation

Any Agent may resign its appointment at any time by giving the Issuer and the Principal Paying, Transfer and Conversion Agent at least 90 days' written notice to that effect, which notice shall expire at least 30 days before or after any due date for payment of any Bonds. Notwithstanding the above, the Issuer agrees with each Agent that if, by the day falling ten days before the expiry of any notice referred to above, the Issuer has not appointed a replacement Agent, then the relevant Agent shall be entitled, on behalf of the Issuer, to appoint in its place any reputable independent international financial institution of good standing.

20.3 Condition to Resignation and Termination

No resignation or (subject to Clause 20.5) termination of the appointment of the Principal Paying, Transfer and Conversion Agent or the Registrar shall, however, take effect until a new Principal Paying, Transfer and Conversion Agent (which shall be a bank or trust company), or a new Registrar with a specified office outside the United Kingdom, as the case may be, has been appointed and no resignation or termination of the appointment of a Paying, Transfer and Conversion Agent or the Registrar shall take effect if there would not then be one or more Paying, Transfer and Conversion Agents or a Registrar with a specified office outside the United Kingdom as required by the Conditions or by the rules of any stock exchange for so long as the Bonds are then listed on such stock exchange. Immediately following such appointment, the Issuer shall give notice of such appointment to the Principal Paying, Transfer and Conversion Agent, the Registrar, the remaining Agents and the Bondholders whereupon the Issuer, the Principal Paying, Transfer and Conversion Agent, the Registrar and the remaining Agents and the replacement Agent shall acquire and become subject to the same rights and obligations between themselves as if they had entered into an agreement in the form *mutatis mutandis* of this Agreement.

20.4 Change of Office

If any Agent determines to change its specified office it shall give to the Issuer and the Principal Paying, Transfer and Conversion Agent written notice of that fact giving the address of the new specified office which shall be in the same city and stating the date on which the change is to take effect, which shall not be less than 45 days after the notice. The Principal Paying, Transfer and Conversion Agent (on behalf and at the expense of the Issuer) shall within 15 days of receipt of the notice (unless the appointment of the relevant Agent is to terminate pursuant to this Clause 20 on or prior to the date of the change) give or cause to be given not more than 45 days' nor less than 30 days' notice of the change to the Bondholders in accordance with Condition 15 (*Notices*).

20.5 Automatic Termination

The appointment of the Principal Paying, Transfer and Conversion Agent shall forthwith terminate if the Principal Paying, Transfer and Conversion Agent becomes incapable of acting, is adjudged bankrupt or insolvent, files a voluntary petition in bankruptcy, makes an assignment for the benefit of its creditors, consents to the appointment of a receiver, administrator or other similar official of all or a substantial part of its property or admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof, or if a resolution is passed or an order made for the winding-up or dissolution of the Principal Paying, Transfer and Conversion Agent, a receiver, administrator or other similar official of the Principal Paying, Transfer and Conversion Agent or all or a substantial part of its property is appointed, a court order is entered approving a petition filed by or against it under applicable bankruptcy or insolvency law, or a public officer takes charge or control of the Principal Paying, Transfer and Conversion Agent or its property or affairs for the purpose of rehabilitation, conservation or liquidation.

20.6 Merger and Consolidation

Any corporation into which any Agent may be merged or converted, or any corporation with which an Agent may be consolidated, or any corporation to which the business of an Agent may be transferred, or any corporation resulting from any merger, conversion or consolidation to which an Agent shall be a party, or any corporation to which an Agent shall sell or otherwise transfer all or substantially all of its assets shall, on the date when the merger, conversion, consolidation or transfer becomes effective and to the extent permitted by any applicable laws, become the successor Agent under this Agreement without the execution or filing of any paper or any further act on the part of the parties to this Agreement, unless otherwise required by the Issuer and after the said effective date all references in this Agreement to the relevant Agent shall be deemed to be references to such successor corporation. Written notice of any such merger, conversion, consolidation or transfer shall immediately be given to the Issuer by the relevant Agent.

20.7 Delivery of Records

If the Principal Paying, Transfer and Conversion Agent or Registrar resigns or its appointment is terminated, it shall on the date the resignation or termination takes effect pay to the new Registrar any amount held by it for payment of the Bonds (in the case of the resignation or termination of the Registrar) and deliver to the new Principal Paying, Transfer and Conversion Agent or Registrar (as the case may be) the records kept by it and all (if any) Bonds held by it in its capacity as an Agent pursuant to this Agreement and, upon appropriate notice, shall provide reasonable assistance to its successor for the discharge of its duties and responsibilities hereunder.

20.8 Notices

The Principal Paying, Transfer and Conversion Agent shall give the Bondholders at least 30 days' notice of any proposed appointment, termination, resignation or change under Clauses 20.1 to 20.4 of which it is aware and, as soon as practicable, notice of any succession under Clause 20.7 of which it is aware. The Issuer shall give Bondholders, as soon as practicable, notice of any termination under Clause 20.5 of which it is aware.

21 COMMISSIONS, FEES AND EXPENSES

21.1 Fees and Costs

The Issuer agrees to pay to the Principal Paying, Transfer and Conversion Agent and the Registrar such fees and commissions, if any, as the Issuer, the Principal Paying, Transfer and Conversion Agent and the Registrar shall separately agree in respect of the services of the Agents initially appointed under this Agreement together with any out of pocket expenses (including legal, printing, postage, fax, cable and advertising expenses) reasonably incurred and properly documented by such Agents in connection with their services.

21.2 No obligation to act

No Agent shall be under any obligation to act if such Agent reasonably believes that in doing so it will incur expenses for which it will not be reimbursed under this Agreement and in not acting on the basis of such reasonably held belief, such Agent shall bear no liability therefor.

21.3 Taxes

All payments by the Issuer under this Clause 21 shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by Italy or any political subdivision or any

authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In the event any such withholding or deduction is required to be made, the Issuer shall pay such additional amounts as will result in the receipt by the Agent of the amounts which would otherwise have been receivable by it had no such withholding or deduction been required, but excluding, for the avoidance of doubt, withholding or deduction for, any taxes, duties, assessments or governmental charges arising to the Agent by reference to its income or profits.

21.4 Obligations to survive

Any outstanding obligations of the Issuer to the Agents and the Registrar under this Clause 21 shall survive the termination of this Agreement and the Conditions and the resignation or removal of any of the Agents or the Registrar.

22 COMMUNICATIONS

22.1 Notices

Any communication shall be in the English language and shall be by fax, letter or email:

in the case of the Issuer, to it at:

Snam S.p.A.
Piazza Santa Barbara, 7
20097 San Donato Milanese
Milan
Italy

Fax: +39 02 3703 7468
Email: Sergio.Molisani@snam.it
Attention of: Sergio Molisani

in the case of the Registrar or any Agent, to it, care of:

BNP Paribas Securities Services, Luxembourg Branch
60, avenue J.F. Kennedy – L-1855 Luxembourg
(Postal Address: L-2085 Luxembourg)

Fax: +352 2696 9757
Attention: Corporate Trust Services

or any other address of which written notice has been given to the Parties in accordance with this subclause.

Such communications will take effect, in the case of a letter, when delivered, in the case of email, at the time of despatch, in the case of fax, when the relevant delivery receipt is received by the sender provided that any communication which is received (i) after 4.00 p.m. (in the city of the addressee) on any particular day, or (ii) on a day on which commercial banks and foreign exchange markets do not settle payments in the city of the addressee, shall in each case be deemed to have been received and shall take effect from 10.00 a.m. on the next following day on which commercial banks and foreign exchange markets settle payments in the city of the addressee. Any communication delivered to any Party under this Agreement which is to be sent by fax or email will be written legal evidence.

The Internet cannot guarantee the integrity and safety of data transferred nor the time in which it will be processed. Neither the Issuer nor the Agents shall be liable for any operational incident arising from the use of the Internet or any consequences attributable thereto.

22.2 Notices through Principal Paying, Transfer and Conversion Agent

All communications relating to this Agreement between the Issuer and any of the Agents or between the Agents themselves shall be made (except where otherwise expressly provided) through the Principal Paying, Transfer and Conversion Agent.

23 CONFIDENTIALITY

23.1 Each of the Agents and the Issuer undertake to respect and protect the confidentiality of all information acquired as a result of or pursuant to this Agreement and will not, without the other Parties' prior written consent, disclose any such information to a third party, unless it is required to do so by any applicable law or regulation or is specifically authorised to do so hereunder or by any separate agreement, especially where the provision of such information is the object of or part of the service to be provided by the relevant Agent.

23.2 In order to provide its services to the Issuer and to satisfy legal obligations it is subject to, each Agent will process (in particular, without being limited to, by collecting, recording, organising, storing, adapting or altering, retrieving, consulting, using, disclosing by transmission, disseminating or otherwise making available to third parties) data relating to the Issuer (including, without being limited to the Issuer's name, address, occupation, nationality, corporate form, etc.). The Issuer may freely refuse to provide any Agent with this information and thus prevent the relevant Agent from using these data-processing systems. However, such a refusal will be an obstacle preventing the start or continuation of business relations between the Issuer and the relevant Agent. The Agent will only ask for the information needed to fulfil its obligations and provide the Issuer with its services. The Issuer may, at its request, access the data relating to it and will be entitled to have it amended. The data will be kept for the period which the relevant Agent is required to keep it by law..

23.3 The Issuer expressly authorises the transfer of data to third parties or to the head office of each Agent (or any other person providing services to such Agent) if such transmission is required to allow such Agent to provide its services to the Issuer or to satisfy legal obligations it or such third party is subject to. The Issuer expressly authorises such transfer, including, to the extent relevant, any transfer to third parties established outside the European Communities.

24 INTERNAL CODE OF CONDUCT AND ORGANISATIONAL MODELS

Each Party as at the date of execution of this Agreement acknowledges the adoption by each other Party of the respective codes of conduct and organisational models in accordance with applicable laws, and BNP Paribas Securities Services, Luxembourg Branch, as at the date of execution of this Agreement, represents that it has instituted and continues to effectively implement policies and procedures, and has instructed the employees, officers and advisors accordingly, aimed at preventing conducts in violation of any applicable anti-bribery, anti-corruption or anti-money laundering laws or regulations in any applicable jurisdiction for the entire duration of this Agreement.

25 GOVERNING LAW AND SUBMISSION

25.1 Governing Law

This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law other than Schedule 8 that are subject to compliance with the laws of the Republic of Italy.

25.2 Jurisdiction

The courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and accordingly any legal action or proceedings arising out of or in connection with this Agreement (**Proceedings**) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives 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.

25.3 Service of Process


The Issuer appoints Laurentia Financial Services Limited at its registered office at 15 Northfields Prospect, London SW18 1PE, United Kingdom as its agent for service of process, and undertakes that, in the event of Laurentia Financial Services Limited ceasing so to act or ceasing to be registered in England, it will appoint another person, as the Principal Paying, Transfer and Conversion Agent may approve, as its agent for service of process in England in respect of any Proceedings. Nothing in this Clause 25.3 shall affect the right to serve process in any other manner permitted by law.

SIGNED by each of the Parties (or their duly authorised representatives) on the date which appears first on page 1.

SIGNATORIES

Snam S.p.A.

By:



ALESSANDRA FASINI

BNP PARIBAS SECURITIES SERVICES, LUXEMBOURG BRANCH

as Principal Paying, Transfer and Conversion Agent

By:

BNP PARIBAS SECURITIES SERVICES, LUXEMBOURG BRANCH

as Registrar

By:



SIGNATORIES

Snam S.p.A.

By:

BNP PARIBAS SECURITIES SERVICES, LUXEMBOURG BRANCH

as Principal Paying, Transfer and Conversion Agent

By:

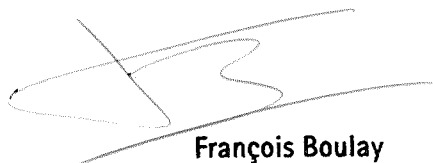

François Boulay


Caroline Frere

BNP PARIBAS SECURITIES SERVICES, LUXEMBOURG BRANCH

as Registrar

By:


François Boulay


Caroline Frere

SCHEDULE 1

FORM OF DEFINITIVE REGISTERED BOND

On the front:

ISIN: XS1583310807

Certificate Number: []

Common Code: 158331080

THE BONDS REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNDER THE SECURITIES ACT EXCEPT IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT.

Snam S.p.A.
with registered office in Milan, Piazza Santa Barbara 7,
registered under No. 13271390158 of the Register of Enterprises of Milan

€400,000,000

Equity-Linked Bonds due 2022

This Bond is a definitive registered Bond and forms part of a series designated as specified in the title (the **Bonds**) of Snam S.p.A. (the **Issuer**) and constituted by the Paying, Transfer and Conversion Agency Agreement referred to on the reverse hereof. The Bonds are subject to, and have the benefit of, that Paying, Transfer and Conversion Agency Agreement and the terms and conditions (the **Conditions**) set out on the reverse hereof.

The Issuer hereby certifies that [] is/are, at the date hereof, entered in the Register as the holder(s) of Bonds in the principal amount of €[].

The Bonds represented by this certificate are convertible into existing ordinary shares in the Issuer subject to and in accordance with the Conditions and the Paying, Transfer and Conversion Agency Agreement.

This definitive registered Bond is evidence of entitlement only. Title to Registered Bonds passes only on due registration on the Register and only the duly registered holder is entitled to payments in respect of this Bond.

This definitive registered Bond shall not be valid or become obligatory for any purpose until authenticated by or on behalf of the Registrar.

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

- (i) The Issuer's corporate purpose, as set forth in its by-laws, is to exercise, directly or indirectly, in Italy and abroad, including through direct or indirect participation in companies, organisations or businesses, regulated activities in the field of transport, dispatch, distribution, regasification, and storage of hydrocarbons, and any other activity instrumental, ancillary or complementary to one or more of the activities mentioned above, including the production of hydrocarbons related to the storage thereof, storage of other

gases, energy measurement, and management of organised gas markets, all in compliance with relevant concessions pursuant to law provisions.

- (ii) As at the date of issuance of the Bonds, the Issuer had paid-up share capital of €2,735,670,475.56, divided into no. 3,500,638,294 ordinary shares with no indication of nominal value and reserves as at 31 December 2015 of €2,318,366,328.40.
- (iii) The issue of the Bonds was duly authorised by a resolution of the Issuer dated 13 March 2017, which resolution has been filed with the Companies' Register of Milan on 15 March 2017.

This definitive registered Bond and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with, English law.

On the back:

TERMS AND CONDITIONS OF THE BONDS

The following, subject to completion and amendment, and save for the paragraphs in italics, is the text of the Terms and Conditions of the Bonds.

The issue of the €400,000,000 Equity-Linked Bonds due 2022 (the “**Bonds**”, which expression shall, unless otherwise indicated, include any Further Bonds (as defined below)), convertible into ordinary shares of Snam S.p.A. (the “**Issuer**”), was (save in respect of any Further Bonds) authorised by a resolution of the board of directors of the Issuer dated 13 March 2017 and registered with the competent Companies’ register on 15 March 2017. The Issuer has entered into a Paying, Transfer and Conversion Agency Agreement dated 20 March 2017 (the “**Agency Agreement**”) relating to the Bonds with BNP Paribas Securities Services, Luxembourg Branch (the “**Principal Paying, Transfer and Conversion Agent**”, which expression shall include any successor as Principal Paying, Transfer and Conversion Agent under the Agency Agreement), the Paying, Transfer and Conversion Agents for the time being (such persons, together with the Principal Paying, Transfer and Conversion Agent, being referred to below as the “**Paying, Transfer and Conversion Agents**”, which expression shall include their successors as Paying, Transfer and Conversion Agents under the Agency Agreement) and BNP Paribas Securities Services, Luxembourg Branch in its capacity as registrar (the “**Registrar**”, which expression shall include any successor as registrar under the Agency Agreement). The Agency Agreement includes the form of the Bonds. The Issuer has also entered into a Calculation Agency Agreement dated 20 March 2017 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. The holders of the Bonds (the “**Bondholders**”) are deemed to have notice of all of the provisions of the Agency Agreement and the Calculation Agency Agreement applicable to them.

Copies of the Agency Agreement and the Calculation Agency Agreement are available for inspection at the specified offices of the Paying, Transfer and Conversion Agents and the Registrar.

Each Bond will, subject as set out in these Terms and Conditions (the “**Conditions**”), entitle the holder, on or after the Physical Settlement Date (as defined in Condition 6.1 (*Conversion Rights and Settlement Rights*)), to convert such Bond into fully paid ordinary shares in the capital of the Issuer (the “**Ordinary Shares**”) and, in the event the Shareholder Resolution (as defined in Condition 3 (*Definitions and Interpretation*)) are not passed and the Issuer does not exercise its option to redeem the Bonds in full pursuant to Condition 7.2(b) (*Redemption following non-passing of the Shareholder Resolution*), to require the redemption of such Bond for cash, in each case in accordance with, and as described in, Condition 6 (*Conversion and Settlement of Bonds*).

1. Form, Denomination, Title and Status

1.1 Form and Denomination

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

1.2 Title

Title to the Bonds will pass by transfer and registration as described in Condition 4 (*Registration and Transfer of Bonds*). The holder (as defined below) of any Bond will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or its theft or loss (or that of the related certificate, as applicable) or anything written on it or the

certificate representing it (other than a duly executed transfer thereof)) and no person will be liable for so treating the holder.

“**Bondholder**” and “**holder**” mean the person in whose name a Bond is registered in the Register (as defined in Condition 4.1 (*Registration and Transfer of Bonds - Registration*)).

1.3 Status

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

2. Negative Pledge

2.1 So long as Bonds remain outstanding, the Issuer will not, and will ensure that none of its Material Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of the assets or revenues, present or future, of the Issuer and/or any of its Material Subsidiaries to secure any Indebtedness, except for Permitted Encumbrances, unless:

- (a) the same Security Interest shall forthwith be extended equally and rateably to secure all amounts payable under the Bonds; or
- (b) such other Security Interest or guarantee (or other arrangement) as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement), shall previously have been or shall forthwith be extended equally and rateably to secure all amounts payable under the Bonds.

As used herein:

“**Group**” means the Issuer and its Subsidiaries;

“**Indebtedness**” means any present or future indebtedness for borrowed money which is in the form of, or represented by, bonds, notes, debentures or other debt securities and which is or are intended to be quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or regulated securities market;

“**Material Subsidiary**” means any consolidated Subsidiary of the Issuer:

- (a) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than 10 per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries; or
- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately before the transfer is a Material Subsidiary of the Issuer.

A report by two officers of the Issuer stating that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary shall, in the absence of manifest or proven error, be conclusive and binding on all parties;

“**Permitted Encumbrances**” means:

- (a) any Security Interest arising pursuant to any mandatory provision of law other than as a result of any action taken by the Issuer or a Material Subsidiary; or
- (b) any Security Interest in existence as at the date of issuance of the Bonds, including any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Security Interest referred to in this paragraph, or of any Indebtedness secured thereby; *provided that* the principal amount of Indebtedness secured thereby shall not exceed the principal amount of Indebtedness 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 Indebtedness extended, renewed or replaced (plus improvements on such property), or property received or shares of stock issued in substitution or exchange therefor; or
- (c) in the case of any entity which becomes a Material Subsidiary or is merged, consolidated or amalgamated into a Material Subsidiary or the Issuer after the date of issuance of the Bonds, any Security Interest existing over such entity's assets at the time it becomes (or is merged, consolidated or amalgamated into) such member of the Group, provided that the Security Interest was not created in contemplation of, or in connection with, its becoming (or being merged, consolidated or amalgamated into) such member of the Group and provided further that the amounts secured have not been increased in contemplation of, or in connection with, its becoming (or is merged, consolidated or amalgamated into) such member of the Group; or
- (d) any Security Interest securing Project Finance Indebtedness; or
- (e) any Security Interest which is created in connection with, or pursuant to, a limited-recourse financing, factoring, securitisation, asset-backed commercial paper programme or other like arrangement where the payment obligations in respect of the Indebtedness secured by the relevant Security Interest are to be discharged solely from the revenues generated by the assets over which such Security Interest is created (including, without limitation, receivables); or
- (f) any Security Interest created after the date of issuance of the Bonds on any asset acquired by the person creating the Security Interest and securing only Indebtedness incurred for the sole purpose of financing or re-financing that acquisition, *provided that* the principal amount of such Indebtedness so secured does not exceed the overall cost of that acquisition; or
- (g) any Security Interest created after the date of issuance of the Bonds on any asset improved, constructed, altered or repaired and securing only Indebtedness incurred for the sole purpose of financing or re-financing such improvement, construction, alteration or repair, *provided that* the principal amount of such Indebtedness so secured does not exceed the overall cost of that improvement, construction, alteration or repair; or
- (h) any Security Interest that does not fall within subparagraphs (a) to (g) above and that secures Indebtedness which, when aggregated with Indebtedness secured by all other Security Interests permitted under this subparagraph, does not exceed 5 per cent. of the Regulatory Asset Base of the Group as at the date of the creation of the Security Interest;

a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“Project Finance Indebtedness” means any present or future Indebtedness incurred in financing or refinancing the ownership, acquisition, construction, development, leasing, maintenance and/or operation of an asset or assets, whether or not an asset of a member of the Group:

- (a) which is incurred by a Project Finance Subsidiary; or
- (b) in respect of which the person or persons to whom any such Indebtedness is or may be owed by the relevant borrower (whether or not a member of the Group) has or have no recourse whatsoever to any member of the Group (other than a Project Finance Subsidiary) for the repayment thereof other than:
 - (i) recourse for amounts limited to the cash flow or the net cash flow (other than historic cash flow or historic net cash flow) from such asset or assets or the income or other proceeds deriving therefrom; and/or
 - (ii) recourse for the purpose only of enabling amounts to be claimed in respect of such Indebtedness in an enforcement of any Security Interest given by such borrower over such asset or assets or the income, cash flow or other proceeds, deriving therefrom (or given by any shareholder or the like in the borrower over its shares or the like in the capital of the borrower) to secure such Indebtedness,

provided that (a) the extent of such recourse is limited solely to the amount of any recoveries made on any such enforcement, and (b) such person or persons is or are not entitled, by virtue of any right or claim arising out of or in connection with such Indebtedness, to commence any proceedings of whatever nature against any member of the Group (other than a Project Finance Subsidiary) and (c) an equity contribution in the borrower by the Issuer or Material Subsidiary, according to the then project finance market standard, shall not be deemed as a “recourse” to the relevant member of the Group;

“Project Finance Subsidiary” means any direct or indirect Subsidiary of the Issuer either:

- (a) (i) which is a single-purpose company whose principal assets and business are constituted by the ownership, acquisition, construction, development, leasing, maintenance and/or operation of an asset or assets; and (ii) none of whose Indebtedness in respect of the financing of such ownership, acquisition, construction, development, leasing, maintenance and/or operation of an asset or assets is subject to any recourse whatsoever to any member of the Group (other than such Subsidiary or another Project Finance Subsidiary) in respect of the repayment thereof, except as expressly referred to in subparagraph (b)(ii) of the definition of Project Finance Indebtedness; or
- (b) at least 70 per cent. in principal amount of whose Indebtedness is Project Finance Indebtedness;

“Regulatory Asset Base” means the regulated assets of the Group the value of which is determined by reference to the net capital invested in assets (*capitale investito netto*) as calculated by reference to applicable AEEGSI Regulations and on the basis of which gas transportation, storage, regasification, distribution tariffs are determined by AEEGSI;

“Security Interest” means any mortgage, lien, pledge, charge or other security interest;

“Subsidiary” means, in respect of any person (the **“first person”**) at any particular time, any other person (the **“second person”**):

- (a) whose majority of votes in ordinary shareholders' meetings of the second person is held by the first person; or
- (b) in which the first person holds a sufficient number of votes giving the first person a dominant influence in ordinary shareholders' meetings of the second person; or
- (c) whose accounts are required to be consolidated with those of the first person pursuant to article 26 of Law 127 of 1991;

in the case of (a) and (b), pursuant to the provisions of Article 2359, first paragraph, no. 1 and no. 2, of the Italian Civil Code.

3. Definitions and Interpretation

3.1 In these Conditions, unless otherwise provided:

“**acting in concert**” has the meaning set out in article 101-*bis* of the Italian Financial Services Act and the relevant implementing regulations.

“**Additional Cash Amount**” has the meaning provided in Condition 6.4(f) (*Retroactive Adjustments*).

“**Additional Ordinary Shares**” has the meaning provided in Condition 6.4(f) (*Retroactive Adjustments*).

“**Applicable Date**” means (i) in respect of any exercise of Conversion Rights, the Delivery Date applicable to that exercise of Conversion Rights, and (ii) in respect of any exercise of Settlement Rights, the date that would have been the Delivery Date applicable to such exercise had the exercise of Settlement Rights been an exercise of Conversion Rights.

“**Applicable Reference Date**” has the meaning provided in Condition 6.4(f) (*Retroactive Adjustments*).

“**Authorised Denomination**” has the meaning provided in Condition 1.1 (*Form and Denomination*).

“**Available Shares**” means the number of Ordinary Shares available to the Issuer for delivery upon conversion of the Bonds as determined by the Issuer at its discretion and notified by the Issuer to Bondholders pursuant to Condition 6.9.

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

“**business day**” means (save in relation to Condition 8.6 (*Payments – Delay in payment*)), in relation to any place, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business in that place.

“**Cash Alternative Amount**” means an amount in euro calculated by the Calculation Agent in accordance with the following formula in respect of the Cash Settled Shares :

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

where:

CAA = the Cash Alternative Amount;

- S = the Cash Settled Shares;
- P_n = the Volume Weighted Average Price of an Ordinary Share on the n th dealing day of the Cash Alternative Calculation Period; and
- N = 20, being the number of dealing days in the Cash Alternative Calculation Period,

provided that:

- (i) if any Dividend or other entitlement in respect of the Ordinary Shares is announced on, prior to or after the relevant Settlement Date or Conversion Date, as applicable, in circumstances where the record date or other due date for the establishment of entitlement in respect of such Dividend or other entitlement shall be on or after the Applicable Date, and if on any dealing day in the Cash Alternative Calculation Period the Volume Weighted Average Price is based on a price ex- such Dividend or other entitlement, then such price shall be increased by an amount equal to the Fair Market Value of any such Dividend or other entitlement per Ordinary Share as at the Ex-Date of such Dividend or entitlement, all as determined by the Calculation Agent;
- (ii) if any Additional Cash Amount is payable in respect of any exercise of Conversion Rights or Settlement Rights in respect of which the Cash Alternative Amount is to be calculated, any Volume Weighted Average Price on any dealing day falling in the relevant Cash Alternative Calculation Period but prior to the Applicable Reference Date shall be multiplied by the adjustment factor (as determined pursuant to the relevant provisions of Condition 6.4) to be applied to the Conversion Price in respect of the relevant Retroactive Adjustment, all as determined by the Calculation Agent, provided that where such adjustment factor cannot be determined in accordance with such provisions of Condition 6.4 before the second dealing day before the date on which payment of the Cash Alternative Amount is to be made, the relevant Volume Weighted Average Price shall be adjusted in such manner as determined in good faith to be appropriate by an Independent Financial Adviser no later than such second dealing day before such date of payment of the Cash Alternative Amount; and,
- (iii) if for any reason the Cash Alternative Amount cannot be determined as provided above, the Cash Alternative Amount shall be determined in such other manner as an Independent Financial Adviser shall consider in good faith to be appropriate.

“Cash Alternative Calculation Period” means:

- (a) in respect of any exercise of a Settlement Right by a holder, a period of 20 consecutive dealing days commencing on the relevant Settlement Date; or
- (b) in respect of any exercise of a Conversion Right by a holder in the circumstances set out in Condition 6.9 (*Shortfall*), a period of 20 consecutive dealing days commencing on the day following the relevant Conversion Date,

or in each case, the next dealing day if such date is not a dealing day.

“Cash Dividend” has the meaning provided in sub-paragraph (iii) of Condition 6.4(a) (*Adjustments to Conversion Price – Adjustments*).

“Cash Settled Shares” means:

- (a) in respect of an exercise of Settlement Rights, the Reference Shares in respect of such exercise of Settlement Rights; or
- (b) in respect of an exercise of Conversion Rights, in the case of any Undeliverable Shares as a result of a Shortfall upon such exercise of Conversion Rights, the Undeliverable Shares.

“**Cash Settlement Ratio**” means the number of Cash Settled Shares (which may be equal to zero) divided by the number of Reference Shares.

“**CDP**” means Cassa Depositi e Prestiti S.p.A.

a “**CDP Affiliate**” means a Subsidiary of CDP or a CDP Holding Company or any other Subsidiary of that CDP Holding Company.

a “**CDP Holding Company**” means any entity in respect of which CDP is a Subsidiary.

a “**Change of Control**” shall occur if any person or group of persons acting in concert, other than CDP or a CDP Affiliate, gains Control of the Issuer.

“**Change of Control Restricted Period**” has the meaning provided in Condition 6.3 (*Restrictions on the exercise of Conversion Rights and Settlement Rights*).

“**Clean-up Call**” has the meaning provided in Condition 7.2(a) (*Soft Call and Clean-up Call*)

“**Closing Date**” means 20 March 2017.

“**Closing Price**” means, in respect of an Ordinary Share, Security, Spin-Off Security, option, warrant or, as the case may be, other right or asset, on any dealing day, the closing price of such Ordinary Share, Security, Spin-Off Security, option, warrant or, as the case may be, other right or asset on the Relevant Stock Exchange in respect thereof on such dealing day as published by or derived from Bloomberg page HP (or any successor page) (using the setting “Last Price”, or any successor setting) for such Ordinary Share, Security, Spin-Off Security, option, warrant or, as the case may be, other right or asset in respect of the Relevant Stock Exchange in respect thereof (and, for the avoidance of doubt, such Bloomberg page in respect of the Ordinary Shares as at the Closing Date is SRG IM Equity HP), 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 Financial Adviser in respect of such dealing day, provided that if on any such dealing day such price is not available or cannot otherwise be determined as provided above in respect of such dealing day (the “**Affected CP Day**”), the Closing Price of an Ordinary Share, Security, Spin-Off Security, option, warrant or, as the case may be, other right or asset in respect of such dealing day shall be the Closing Price, determined as provided above, on the immediately preceding dealing day on which the same can be so determined, as determined by the Calculation Agent, or, if such immediately preceding dealing day as aforesaid falls earlier than the 5th day prior to the Affected CP Day, as determined by the Calculation Agent, the Closing Price of an Ordinary Share, Security, Spin-Off Security, option, warrant or, as the case may be, other right or asset in respect of such dealing day shall be such price as is determined in good faith to be appropriate by an Independent Financial Adviser.

“**Control**” has the meaning set out in article 93 of the Italian Financial Services Act.

“**Conversion Date**” has the meaning provided in Condition 6.1 (*Conversion Rights and Settlement Rights*).

“**Conversion Notice**” has the meaning provided in Condition 6.6(a) (*Exercise of Conversion Rights and Settlement Rights*).

“**Conversion Period**” has the meaning provided in Condition 6.2 (*Conversion Period and Settlement Period*).

“**Conversion Price**” has the meaning provided in Condition 6.1 (*Conversion Rights and Settlement Rights*).

“**Conversion Right**” has the meaning provided in Condition 6.1 (*Conversion Rights and Settlement Rights*).

“**Current Market Price**” means, in respect of an Ordinary Share at a particular date, the average of the daily Volume Weighted Average Price of an Ordinary Share on each of the five consecutive dealing days ending on the dealing day immediately preceding such date, as determined by the Calculation Agent;

provided that for the purposes of determining the Current Market Price pursuant to Condition 6.4(a)(iv) or (vi) in circumstances where the relevant event relates to an issue of Ordinary Shares, if at any time during the said five-dealing-day period (which may be on each of such five dealing days) the Volume Weighted Average Price shall have been based on a price ex-Dividend (or ex- any other entitlement) and/or during some other part of that period (which may be on each of such five dealing days) the Volume Weighted Average Price shall have been based on a price cum-Dividend (or cum- any other entitlement), then:

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

provided further that:

- (i) for the purposes of any calculation or determination required to be made pursuant to paragraph (a) of the definition of “Dividend”, if on each of the said five dealing days the Volume Weighted Average Price shall have been based on a price cum the relevant Dividend or capitalisation giving rise to the requirement to make such calculation or determination, the Volume Weighted Average Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of the relevant Dividend as at the Ex-Date thereof, determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit; and

- (ii) for any other purpose, if any day during the said five-dealing-day period was the Ex-Date in relation to any Dividend or other entitlement the Volume Weighted Average Prices that shall have been based on a price cum- such Dividend or entitlement shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Ordinary Share as at the Ex-Date in respect of such Dividend or entitlement.

“**dealing day**” means a day on which the Relevant Stock Exchange or relevant market is open for business and on which Ordinary Shares (or, where the context admits, Securities or Spin-Off Securities, as the case may be) may be dealt in (other than a day on which the Relevant Stock Exchange or relevant market is scheduled to or does close prior to its regular weekday closing time).

“**Delivery Date**” has the meaning provided in Condition 6.6(b) (*Delivery of Ordinary Shares and Additional Ordinary Shares; payment of Cash Alternative Amount and Additional Cash Amount*).

“**Dividend**” means any dividend or distribution to Shareholders (including, subject as provided below, 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 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 or delivery of Ordinary Shares or other property or assets by way of 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 greater of (i) the Fair Market Value of such cash amount and (ii) the Current Market Price of such Ordinary Shares or, as the case may be, the Fair Market Value of such other property or assets, in any such case as at the Ex-Date in respect of such Dividend or entitlement (or, if later, the date on which the number of Ordinary Shares (or amount of such other property or assets, as the case may be) which may be issued or delivered is determined);
- (b) (x) there shall be any issue or delivery 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 or delivery is or is expressed to be in lieu of a Dividend (whether or not a cash equivalent amount is announced) or a Dividend in cash is announced that is to be satisfied by the issue or delivery of Ordinary Shares or other property or assets, or (y) any issue or delivery of Ordinary Shares or other property or assets by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) that is to be satisfied by the payment of cash (in the case of each of (x) and (y) above other than in circumstances subject to proviso (a) above), then, in the case of (x) the capitalisation or Dividend in question shall be treated as a Cash Dividend of an amount equal to the Current Market Price of such Ordinary Shares or, as the case may be, the Fair Market Value of such other property or assets as at the Ex-Date in respect of the relevant capitalisation (or, if later, the date on which the number of Ordinary Shares (or amount of such other property or assets, as the case may be) which may be issued or delivered is determined), and, in the case of (y), the 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 Ex-Date in respect of the relevant capitalisation;

- (c) any issue of Ordinary Shares falling within sub-paragraph (ii) of Condition 6.4(a) (*Adjustments to Conversion Price - Adjustments*) shall be disregarded;
- (d) a purchase or redemption or buy back of share capital of the Issuer by or on behalf of the Issuer or any of its Subsidiaries shall not constitute a Dividend unless, in the case of a purchase or redemption or buy back of Ordinary Shares by or on behalf of the Issuer or any of its Subsidiaries, the weighted average price per Ordinary Share (before expenses) on any one day (a “**Specified Share Day**”) in respect of such purchases or redemptions or buy backs (translated, if not in the Relevant Currency, into the Relevant Currency at the Prevailing Rate on such day) exceeds by more than 5 per cent. the Current Market Price of an Ordinary Share on the Specified Share Day or, where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases, redemptions or buy backs approved by a general meeting of Shareholders or any notice convening such a meeting of Shareholders) has been made of the intention to purchase, redeem or buy back Ordinary Shares at some future date at a specified price or where a tender offer is made, on the date of such announcement or the date of first public announcement of such tender offer (and regardless of whether or not a price per Ordinary Share, a minimum price per Ordinary Share or a price range or a formula for the determination thereof is or is not announced at such time), as the case may be, in which case such purchase, redemption or buy back shall be deemed to constitute a Dividend in the Relevant Currency to the extent that the aggregate price paid (before expenses) in respect of such Ordinary Shares purchased, redeemed or bought back by the Issuer or, as the case may be, any of its Subsidiaries (translated where appropriate into the Relevant Currency as provided above) exceeds the product of (i) 105 per cent. of such Current Market Price determined as aforesaid and (ii) the number of Ordinary Shares so purchased, redeemed or bought back; and
- (e) if the Issuer or any of its Subsidiaries shall purchase, redeem or buy back any depositary or other receipts or certificates representing Ordinary Shares, the provisions of paragraph (d) above shall be applied in respect thereof in such manner and with such modifications (if any) as shall be determined by an Independent Financial Adviser.

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

“**Euro Equivalent**” means, in respect of an amount expressed or denominated in any currency other than euro, the equivalent of that amount in euro determined by reference to the spot rate of exchange of a leading international bank (selected by the Calculation Agent) for the purchase of the relevant currency in the London foreign exchange markets at 11.00 am (London time) on the date of the relevant calculation;

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

“**Ex-Date**” means (other than for the purpose of Condition 6(b)(iii)), in respect of any Dividend or entitlement, the first dealing day on which the Ordinary Shares are traded ex- such Dividend or entitlement on the Relevant Stock Exchange.

“**Extraordinary Resolution**” has the meaning provided in Condition 2 (*Negative Pledge*).

“**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; (iii) in the case of Securities, 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 an Independent Financial Adviser), (a) in the case of Securities or Spin-Off Securities (in each case to the extent constituting equity share capital) the arithmetic mean of the daily Volume Weighted Average Prices of such Securities or Spin-Off Securities and (b) in the case of Securities or Spin-Off Securities (in each case other than to the extent constituting equity share capital) or options, warrants or other rights or assets, the arithmetic mean of the daily Closing Prices of such options, warrants or other rights or assets, in the case of both (a) and (b) during the period of five dealing days on the Relevant Stock Exchange commencing on such date (or, if later, the first such dealing day such Securities, Spin-Off Securities, options, warrants or other rights or assets are publicly traded) or such shorter period as such Securities, Spin-Off Securities, options, warrants or other rights or assets are publicly traded, as determined by the Calculation Agent; (iv) in the case of Securities, Spin-Off Securities, options, warrants or other rights or assets that are not publicly traded (as aforesaid), the Fair Market Value of such Securities, Spin-Off Securities, options, warrants or other rights or assets shall be determined by an Independent Financial Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Ordinary Share, the dividend yield of an Ordinary Share, the volatility of such market price, prevailing interest rates and the terms of such Securities, Spin-Off Securities, options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof. Such amounts shall, in the case of (i) and (ii) above, be translated by the Calculation Agent into the Relevant Currency (if declared or paid or payable in a currency other than 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 (provided that where any such amount is declared or paid or payable in any currency additional to the Relevant Currency, such amount shall be deemed to be declared or paid or payable in the Relevant Currency in the amount declared or paid or payable in the Relevant Currency); and in any other case, shall be translated by the Calculation Agent into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Prevailing Rate on that date. In addition, in the case of (i) and (ii) above, the Fair Market Value shall be determined by the Calculation Agent on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit.

“**Final Maturity Date**” means 20 March 2022.

“**First Call Date**” has the meaning provided in Condition 7.2(a) (*Soft Call and Clean-up Call*).

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

A “**Free Float Event**” shall occur if on each dealing day in any period of not less than 60 consecutive dealing days the Free Float is equal to or less than 15 per cent. of the total number of issued and outstanding Ordinary Shares (including Ordinary Shares represented by outstanding depositary receipts or certificates representing Ordinary Shares) and for this purpose Ordinary Shares held by or on behalf of the Issuer or any of its subsidiaries shall be treated as not “issued and outstanding”.

“**Further Bonds**” means any further Bonds issued pursuant to Condition 16 (*Further Issues*) and consolidated and forming a single series with the then outstanding Bonds.

“**Group**” has the meaning provided in Condition 2 (*Negative Pledge*).

“Indebtedness for Borrowed Money” means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) money borrowed, (ii) liabilities under or in respect of any acceptance or acceptance credit or (iii) any notes, bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash;

“Independent Financial Adviser” means an independent financial institution of international repute (which may include the Calculation Agent acting in such Independent Financial Adviser capacity as may be agreed between the Issuer and the Calculation Agent) appointed at its own expense by the Issuer.

“Italian Financial Services Act” means the Legislative Decree No. 58 of 24 February 1998 (as subsequently amended or supplemented).

“Long-stop Date” has the meaning provided in Condition 6.1 (*Conversion Rights and Settlement Rights*).

“Market Price” has the meaning provided in Condition 6.4(f) (*Retroactive Adjustments*).

“Material Subsidiary” has the meaning provided in Condition 2 (*Negative Pledge*).

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

“Optional Redemption Date” has the meaning provided in Condition 7.2(a) (*Soft Call and Clean-up Call*).

“Optional Redemption Notice” has the meaning provided in Condition 7.2(a) (*Soft Call and Clean-up Call*).

“Option Scheme” has the meaning provided in Condition 6.4(h) (*Share or Option Schemes*).

“Physically Settled Shares” means in respect of any exercise of Conversion Rights the number of Reference Shares minus the number of Cash Settled Shares (if any) in respect of such exercise.

“Physical Settlement Date” has the meaning provided in Condition 6.1 (*Conversion Rights and Settlement Rights*).

“**Physical Settlement Notice**” has the meaning provided in Condition 6.1 (*Conversion Rights and Settlement Rights*).

“**Prevailing Rate**” means, in respect of any pair of currencies on any day, the spot mid-rate of exchange between the relevant currencies prevailing as at 12 noon (London time) on that date as appearing on or derived from Bloomberg page BFIX (or any successor page) in respect of such pair of currencies or, if such rate cannot be so determined, the rate prevailing as at 12 noon (London time) on the immediately preceding day on which such rate can be so determined or if such rate cannot be so determined, the rate determined in such other manner as an Independent Financial Adviser shall consider appropriate.

“**Put Date**” has the meaning provided in Condition 7.3 (*Redemption at the Option of Bondholders following a Relevant Event*).

“**Record Date**” has the meaning provided in Condition 8.3 (*Record Date*).

“**Reference Date**” has the meaning provided in Condition 6.4(f) (*Retroactive Adjustments*).

“**Reference Shares**” means in respect of any exercise of Conversion Rights or Settlement Rights such number of Ordinary Shares (rounded down if necessary to the nearest whole number of Ordinary Shares) as is equal to the aggregate principal amount of Bonds the subject of such exercise of Conversion Rights or Settlement Rights divided by the Conversion Price in effect on the Conversion Date or, as the case may be, Settlement Date, in respect of such exercise.

“**Register**” has the meaning provided in Condition 4.1 (*Registration*).

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

“**Relevant Event**” means a Change of Control or a Free Float Event.

“**Relevant Event Notice**” has the meaning provided in Condition 6.5(a) (*Relevant Event*).

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

“**Relevant Percentage**” means at any time such percentage as is calculated by dividing (i) the Available Shares at such time by (ii) the total number of Ordinary Shares (rounded down to the nearest whole number of Ordinary Shares) that would be deliverable in the event that all outstanding Bonds were converted into Ordinary Shares immediately prior to the relevant time using the applicable Conversion Price .

“**Relevant Stock Exchange**” means (i) in respect of the Ordinary Shares, Borsa Italiana or if at the relevant time such Ordinary Shares are not at that time listed and admitted to trading on the Borsa Italiana, the principal stock exchange or securities market on which the Ordinary Shares are then listed, admitted to trading or quoted or dealt in, and (ii) in respect of any Securities (other than the Ordinary Shares), Spin-Off Securities, options, warrants or other rights or assets, the principal stock exchange or securities market on which such Securities, Spin-Off Securities, options, warrants or other rights or assets are then listed, admitted to trading or quoted or dealt in.

“**Retroactive Adjustment**” has the meaning provided in Condition 6.4(f) (*Retroactive Adjustments*).

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

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

“**Settlement Date**” has the meaning provided in Condition 6.1 (*Conversion Rights and Settlement Rights*).

“**Settlement Notice**” has the meaning provided in Condition 6.6(a) (*Exercise of Conversion Rights and Settlement Rights*).

“**Settlement Period**” has the meaning provided in Condition 6.2 (*Conversion Period and Settlement Period*).

“**Settlement Right**” has the meaning provided in Condition 6.1 (*Conversion Rights and Settlement Rights*).

“**Shareholder Event Notice**” has the meaning provided in Condition 7.2(b) (*Redemption following non-passing of the Shareholder Resolution*).

“**Shareholder Event Notice Deadline**” has the meaning provided in Condition 7.2(b) (*Redemption following non-passing of the Shareholder Resolution*).

“**Shareholder Resolution**” means the resolution at a general meeting of Shareholders of the Issuer for approving the transfer and delivery of the Ordinary Shares purchased by the Issuer pursuant to the share buyback plan approved by the Ordinary General Meeting of the Issuer on 1 August 2016 to Bondholders together with any other existing Shares held by the Issuer to satisfy, following delivery by the Issuer of the Physical Settlement Notice, the exercise of Conversion Rights in respect of all of the Bonds at the initial Conversion Price.

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

“**Spin-Off**” means:

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

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

“**Subsidiary**” has the meaning provided in Condition 2 (*Negative Pledge*).

“**Tax Call**” has the meaning provided in Condition 7.2(c).

“**Tax Redemption Date**” has the meaning provided in Condition 7.2(c) (*Redemption for Taxation Reasons*).

“**Tax Redemption Notice**” has the meaning provided in Condition 7.2(c) (*Redemption for Taxation Reasons*).

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

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) system which was launched on 19 November 2007 or any successor thereto.

“**Undeliverable Shares**” has the meaning provided in Condition 6.9(a)(ii) or Condition 6.9(b), as the case may be.

“**Volume Weighted Average Price**” means, in respect of an Ordinary Share, Security or, as the case may be, a Spin-Off Security, on any dealing day, the order book volume-weighted average price of an Ordinary Share, Security or, as the case may be, a Spin-Off Security on the Relevant Stock Exchange in respect thereof on such dealing day as published by or derived from Bloomberg page HP (or any successor page) (using the setting “Weighted Average Line”, or any successor setting) for such Ordinary Share, Security or, as the case may be, a Spin-Off Security in respect of the Relevant Stock Exchange in respect thereof (and, for the avoidance of doubt, such Bloomberg page in respect of the Ordinary Shares as at the Closing Date is SRG IM Equity HP) 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 Financial Adviser in respect of such dealing day, provided that if on any such dealing day such price is not available or cannot otherwise be determined as provided above in respect of such dealing day (the “**Affected VWAP Day**”), the Volume Weighted Average Price of an Ordinary Share, Security or a Spin-Off Security, as the case may be, in respect of such dealing day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding dealing day on which the same can be so determined, as determined by the Calculation Agent, or, if such immediately preceding dealing day as aforesaid falls earlier than the 5th day prior to the Affected VWAP Day, as determined by the Calculation Agent, the Volume Weighted Average Price of an Ordinary Share, Security or a Spin-Off Security, as the case may be, in respect of such dealing day shall be such price as is determined in good faith to be appropriate by an Independent Financial Adviser.

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

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

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

- 3.3 In making any calculation or determination of Current Market Price, Closing Price or Volume Weighted Average Price, such adjustments (if any) shall be made as the Calculation Agent considers appropriate to reflect any consolidation or sub-division of the Ordinary Shares or any issue of Ordinary Shares by way of capitalisation of profits or reserves, or any like or similar event.
- 3.4 For the purposes of Conditions 6.1 (*Conversion Rights and Settlement Rights*), 6.2 (*Conversion Period and Settlement Period*), 6.3 (*Restrictions on the exercise of Conversion Rights and Settlement Rights*), 6.4 (*Adjustments to Conversion Price*), 6.6 (*Procedure for exercise of Conversion Rights and Settlement Rights*) and Condition 11 (*Undertakings*) only, (a) references to the “**issue**” of

Ordinary Shares or Ordinary Shares being “**issued**” shall include the transfer and/or delivery of Ordinary Shares, whether newly issued and allotted or previously existing or held by or on behalf of the Issuer or any of its Subsidiaries, and (b) Ordinary Shares held by or on behalf of the Issuer or any of its respective Subsidiaries (and which, in the case of sub-paragraphs (iv) and (vi) of Condition 6.4(a) (*Adjustments to Conversion Price - Adjustments*), do not rank for the relevant right or other entitlement) shall not be considered as or treated as “**in issue**” or “**issued**”, or entitled to receive the relevant Dividend, right or other entitlement.

4. Registration and Transfer of Bonds

4.1 Registration

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

4.2 Transfer

Bonds may, subject to the terms of the Agency Agreement and to Conditions 4.3 (*Formalities Free of Charge*) and 4.4 (*Closed Periods*), be transferred in whole or in part (but always in an Authorised Denomination) by lodging the relevant Bond (with the form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the specified office of the Registrar or any Paying, Transfer and Conversion Agent.

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

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

4.3 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).

4.4 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 7 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 7.2 (*Redemption at the Option of the Issuer*); (ii) in respect of which notice to convert such Bond or to require redemption of such Bond for cash has been delivered in accordance with Condition 6.6 (*Procedure for exercise of Conversion Rights and Settlement Rights*); or (iii) in respect of which a

Bondholder has exercised its right to require redemption pursuant to Condition 7.3 (*Redemption at the Option of Bondholders following a Relevant Event*).

5. Interest

The Bonds do not bear interest.

6. Conversion and Settlement of Bonds

6.1 Conversion Rights and Settlement Rights

- (a) Subject to a general meeting of the shareholders of the Issuer having approved the Shareholder Resolution on or before 20 June 2017 (the “**Long-stop Date**”), and following delivery by the Issuer of the Physical Settlement Notice referred to below, the holder of each Bond shall have the right, subject to these Conditions (the “**Conversion Right**”), exercisable during the Conversion Period, to convert such Bond into Ordinary Shares, credited as fully paid.

The Issuer shall, as soon as practicable (and in any event within 5 days) following such general meeting of the shareholders of the Issuer at which the Shareholder Resolutions are approved, give notice (the “**Physical Settlement Notice**”) to the Bondholders in accordance with Condition 15 (*Notices*) and to the Principal Paying, Transfer and Conversion Agent, the Registrar and the Calculation Agent that, with effect from and including the date specified as such in the Physical Settlement Notice (the “**Physical Settlement Date**”, which shall be not later than 2 dealing days after the date on which the Physical Settlement Notice is given), the Conversion Right relating to the Bonds shall apply.

- (b) (i) If (x) the Shareholder Resolutions are not approved on or before the Long-stop Date and the Issuer does not elect on or before the Shareholder Event Notice Deadline to redeem all of the Bonds pursuant to Condition 7.2(b) (*Redemption following non-passing of the Shareholder Resolution*) or (y) at any time on or before the Shareholder Event Notice Deadline a Relevant Event occurs at a time when the Physical Settlement Date has not yet occurred, the holder of each Bond shall have the right, subject to these Conditions (the “**Settlement Right**”), exercisable during the Settlement Period, to require the Issuer to redeem such Bond at the relevant Cash Alternative Amount.
- (ii) Any Settlement Right shall cease as of the Physical Settlement Date, and any Settlement Notice delivered in circumstances where the relevant Settlement Date shall fall on or after the Physical Settlement Date shall be void and ineffective.
- (c) The number of Ordinary Shares to be issued or transferred and delivered on exercise of a Conversion Right shall be determined by the Calculation Agent by dividing the principal amount of the Bonds to be converted by the conversion price (the “**Conversion Price**”) in effect on the relevant Conversion Date. The initial Conversion Price is €4.8453 per Ordinary Share. The Conversion Price is subject to adjustment in the circumstances described in Condition 6.4 (*Adjustments to Conversion Price*).
- (d) The conversion date in respect of a Bond (the “**Conversion Date**”) or settlement date in respect of a Bond (the “**Settlement Date**”) shall be the business day in Milan immediately following the date of the delivery of the Conversion Notice or Settlement Notice or, if different, the date of delivery of the relevant Bond in respect of which the Conversion Right or Settlement Right is being exercised, as provided in Condition 6.6 (*Procedure for exercise of Conversion Rights and Settlement Rights*).
- (e) Conversion Rights and Settlement Rights may only be exercised in respect of the whole of the Authorised Denomination.

6.2 Conversion Period and Settlement Period

Subject to and as provided in these Conditions, including in particular restrictions on the exercise of Conversion Rights and Settlement Rights as set out in Condition 6.3 (*Restrictions on the exercise of Conversion Rights and Settlement Rights*), the Conversion Right or, as applicable, the Settlement Right, in respect of a Bond may be exercised, at the option of the holder thereof, at any time subject to any applicable fiscal or other laws or regulations and as hereinafter provided, during the period (respectively the “**Conversion Period**” and the “**Settlement Period**”) commencing on (and including):

- (a) in the case of the Conversion Right, the Physical Settlement Date; and
- (b) in the case of the Settlement Right:
 - (i) in the circumstances the subject of Condition 6.1(b)(i)(x), the day after the Shareholder Event Notice Deadline; or
 - (ii) in the circumstances the subject of Condition 6.1(b)(i)(y), the date of the occurrence of such Relevant Event,

and ending on (and including):

- (x) in the case of the Settlement Right only where the Settlement Period has commenced upon the occurrence of a Relevant Event pursuant to Condition 6.2(b)(ii) above, the earlier of (A) the last day prior to the Physical Settlement Date (if any) and (B) the applicable date pursuant to (y) below; and
- (y) in any case (subject to (x) above), the day falling seven calendar days prior to the first to occur of (i) the Final Maturity Date, or (ii) any earlier date fixed by the Issuer for redemption of the Bonds;

provided that if there shall be a default in making payment in respect of such Bond on such date fixed for redemption, the Conversion Period or, as appropriate, the Settlement Period shall extend up to (and including) the close of business (at the place aforesaid) on the date on which the full amount of such payment becomes available for payment and notice of such availability has been duly given in accordance with Condition 15 (*Notices*) or, if earlier, the Final Maturity Date; and

provided further that if the final date for the exercise of the Conversion Rights or, as appropriate, the Settlement Rights is not a business day at the place of the specified office of the Principal Paying, Transfer and Conversion Agent, the Conversion Period or, as appropriate, the Settlement Period shall end on the immediately preceding business day at the place aforesaid.

6.3 Restrictions on the exercise of Conversion Rights and Settlement Rights

Conversion Rights or, as appropriate, the Settlement Rights may not be exercised, and any Conversion Notice or Settlement Notice submitted by a Bondholder shall be deemed not to have been delivered and shall be null and void:

- (a) in respect of any Bond following the giving of notice by the holder of such Bond pursuant to Condition 10 (*Events of Default*); or
- (b) by a Bondholder who has exercised its right to require the Issuer to redeem its Bond pursuant to Condition 7.3 (*Redemption at the Option of Bondholders following a Relevant Event*);

- (c) if the board of directors of the Issuer resolves to convene a shareholders' meeting, during the period commencing on the seventh dealing day preceding such shareholders' meeting and ending on (and including) the date of the shareholders' meeting (which, if such meeting is adjourned, shall be deemed to be the date of the adjourned meeting) (the "**Restricted Period**"), provided that:
- (i) if the meeting has been convened to resolve upon the distribution of Dividends, the Restricted Period shall end on the date immediately preceding the relevant ex date for the payment of the Dividend (if the resolution is approved at the relevant shareholders' meeting) or the day on which such shareholders' meeting (which, if such meeting is adjourned, shall be deemed to be the day of such adjourned meeting) is actually held (if the resolution is not approved at the relevant shareholders' meeting);
 - (ii) if the meeting has been convened to approve the issue of any security entitling the shareholders of the Issuer to pre-emptive rights, the Restricted Period shall end on the last day of trading of such pre-emptive rights (if the resolution is approved at the relevant shareholders' meeting) or the day on which such shareholders' meeting (which, if such meeting is adjourned, shall be deemed to be the day of such adjourned meeting) is actually held (if the resolution is not approved at the relevant shareholders' meeting); and
 - (iii)
 - (x) if a Change of Control has occurred and is continuing at the date of such board resolution; or
 - (y) if a Change of Control occurs on or after the date of such board resolution and prior to the relevant shareholders' meeting,

Bondholders may nonetheless exercise their Conversion Rights or, as applicable, Settlement Rights, during the Relevant Event Period subject, however, to the suspension of such rights during the Change of Control Restricted Period.

The "**Change of Control Restricted Period**" means the period commencing on (and including) the seventh dealing day preceding the shareholders' meeting and ending on (and including) the earlier of: (A) (aa) if the shareholders' meeting has not been convened to resolve upon the distribution of Dividends, the date of the shareholders' meeting; or (bb) if the shareholders' meeting has been convened to resolve upon the distribution of Dividends, the date immediately preceding the relevant ex date for the payment of the Dividend (if the resolution is approved at the relevant shareholders' meeting) or the day on which such shareholders' meeting (including any such adjourned meeting) is actually held (if the resolution is not approved at the relevant shareholders' meeting), or (B) the 40th calendar day after the commencement of such period.

Notwithstanding the above, the Restricted Period may not exceed a period of 40 calendar days after the commencement of such period.

6.4 Adjustments to Conversion Price

(a) *Adjustments*

The Conversion Price shall be subject to adjustment, as calculated by the Calculation Agent on behalf of the Issuer, as provided below, in the event that any of the following events occur:

- (i) If and whenever there shall be a consolidation, reclassification or subdivision in relation to the Ordinary Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the date on which such event takes effect by the following fraction:

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

where:

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

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

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

- (ii) If and whenever the Issuer shall issue any Ordinary Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other any issue which constitutes a Cash Dividend pursuant to paragraphs (a) or (b) of the definition of “Dividend”, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the date of such issue by the following fraction:

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

where:

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

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

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

- (iii) (A) If and whenever the Issuer shall pay or make any Capital Distribution to the Shareholders, unless an adjustment has already been made under any provision of these Conditions, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

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

where:

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

and

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

Such adjustment shall become effective on the date (in respect of this sub-paragraph (iii)(A), the “**Effective Date**”) which is the Ex-Date or, if later, the first date upon which the Fair Market Value of the relevant Capital Distribution is capable of being determined as provided herein.

“**Ex-Date**” means, in respect of this sub-paragraph (iii)(A), the first date on which the Ordinary Shares are traded ex-the relevant Dividend on the Relevant Stock Exchange or, in the case of a purchase, redemption or buy back of Ordinary Shares or any depositary or other receipts or certificates representing Ordinary Shares, the date on which such purchase, redemption or buy back is made or, in the case of a Spin-Off, on the first date on which the Ordinary Shares are traded ex-the relevant Spin-Off on the Relevant Stock Exchange.

“**Capital Distribution**” means any Non-Cash Dividend.

“**Cash Dividend**” means (i) 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 (ii) any Dividend determined to be a Cash Dividend pursuant to paragraphs (a) or (b) of the definition of “**Dividend**”, and for the avoidance of doubt, a Dividend falling within paragraph (d) or (e) of the definition of “**Dividend**” shall be treated as being a Non-Cash Dividend.

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

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

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

where:

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

B is the portion of the Fair Market Value of the aggregate

Extraordinary Dividend attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of the aggregate Extraordinary Dividend by the number of Ordinary Shares entitled to receive the relevant Dividend; and

C is the amount (if any) by which the Threshold Amount exceeds an amount equal to the aggregate of the Fair Market Values of any previous Cash Dividends per Ordinary Share paid or made in such Relevant Year (where C shall be zero if such previous Cash Dividends per Ordinary Share are equal to, or exceed, the Threshold Amount). For the avoidance of doubt “C” shall equal the Threshold Amount where no previous Cash Dividends per Ordinary Share have been paid or made in such Relevant Year.

Such adjustment shall become effective on the date (in respect of this sub-paragraph (iii)(A), the “**Effective Date**”) which is the Ex-Date or, if later, the first date upon which the Fair Market Value of the relevant Extraordinary Dividend can be determined.

“**Ex-Date**” means, in respect of this sub-paragraph (iii)(B), the first date on which the Ordinary Shares are traded ex-the relevant Dividend on the Relevant Stock Exchange.

“**Extraordinary Dividend**” means any Cash Dividend (the “**Relevant Dividend**”) paid or made in each period commencing on 1 January in any year to (and including) 31 December of such year, with the first such period commencing on the Closing Date and the last such period ending on (but excluding) the Final Maturity Date (each a “**Relevant Year**”), if (a) the Fair Market Value of the Relevant Dividend per Ordinary Share or (b) the sum of (i) the Fair Market Value of the Relevant Dividend per Ordinary Share and (ii) an amount equal to the aggregate of the Fair Market Value or Fair Market Values of any other Cash Dividend or Cash Dividends per Ordinary Share paid or made in the Relevant Year, exceeds the Threshold Amount in respect of such Relevant Year, and in that case the Extraordinary Dividend shall be the Relevant Dividend.

“**Threshold Amount**” means, in respect of any Relevant Year, the amount per Ordinary Share corresponding to such Relevant Year set out below (subject to adjustment as provided below).

	Threshold Amount (EUR)
In respect of the Relevant Year ending:	
31 December 2017.....	0.2100
31 December 2018.....	0.2155
31 December 2019.....	0.2209
31 December 2020.....	0.2209
31 December 2021.....	0.2209

Threshold
Amount
(EUR)

From 1 January 2022 to 20 March 2022 (being the Final Maturity Date) 0.0884

Upon any adjustment to the Conversion Price made pursuant to the provisions of this Condition 6.4(a) (including this sub-paragraph (iii)) or Condition 6.4(g), the Threshold Amount shall be adjusted *pro rata* for any such adjustment to the Conversion Price.

On any adjustment to the Threshold Amount, the resultant Threshold Amount, if not an integral multiple of EUR 0.0001, shall be rounded down to the nearest whole multiple of EUR 0.0001. Any amount by which the Threshold Amount has been rounded down shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the relevant rounding down had not been made.

- (C) There will be no adjustment for any Cash Dividend in respect of which the record date falls after the Final Maturity Date.
 - (D) For the purposes of this sub-paragraph (iii), Fair Market Value of any Capital Distribution or Dividend shall (subject as provided in paragraph (a) of the definition of “Dividend” and in the definition of “Fair Market Value”) be determined as at the Ex-Date in respect thereof.
 - (E) In making any calculations for the purposes of this sub-paragraph (iii), such adjustments (if any) shall be made as the Calculation Agent may determine in good faith to be appropriate to reflect any consolidation or sub-division of any Ordinary Shares or the issue of Ordinary Shares by way of capitalisation of profits or reserves (or any like or similar event) or any increase in the number of Ordinary Shares in issue in relation to the fiscal year of the Issuer in question.
- (iv) If and whenever the Issuer shall issue Ordinary Shares to Shareholders as a class by way of rights, or shall issue or grant to Shareholders as a class by way of rights, any options, warrants or other rights to subscribe for or purchase any Ordinary Shares, or any Securities which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, any Ordinary Shares (or shall grant any such rights in respect of existing securities so issued), in each case in circumstances whereby such Ordinary Shares, options, warrants, other rights or any such Securities are not issued or granted to Bondholders as a class by way of rights in accordance with mandatory provisions of Italian law and at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the Effective Date, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

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

where:

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

Such adjustment shall become effective on the Effective Date.

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

- (v) If and whenever the Issuer shall issue any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase any Ordinary Shares) to Shareholders as a class by way of rights, or shall issue or grant to Shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase any Securities (other than Ordinary Shares or options, warrants or other rights to subscribe for or purchase Ordinary Shares) (otherwise than as mentioned in sub-paragraph (ii) above), in each case in circumstances whereby such Securities, options, warrants or rights are not issued or granted to Bondholders as a class by way of rights in accordance with mandatory provisions of Italian law, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

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

where:

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

Such adjustment shall become effective on the Effective Date.

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

- (vi) If and whenever the Issuer shall issue (otherwise than as mentioned in sub-paragraph (iv) above) wholly for cash or for no consideration any Ordinary Shares (other than Ordinary Shares issued on conversion of the Bonds or on the exercise of any rights of conversion into, or exchange or subscription for or purchase of, Ordinary Shares) or issue or grant (otherwise

than as mentioned in sub-paragraph (iv) above) wholly for cash or for no consideration any options, warrants or other rights to subscribe for or purchase any Ordinary Shares (other than the Bonds, which term shall for this purpose include any Further Bonds), in each case at a price per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share on the date of the first public announcement of the economic terms of any such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

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

where:

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

Such adjustment shall become effective on the Effective Date.

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

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

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

where:

- A is the number of Ordinary Shares in issue immediately before such issue or grant (but where the relevant Securities carry rights of conversion into or rights of exchange or subscription for Ordinary Shares which have been issued, purchased or acquired by the Issuer or any Subsidiary of the Issuer (or at the direction or request or pursuant to any arrangements with the Issuer or any Subsidiary of the Issuer) for the purposes of or in connection with such issue, less the number of such Ordinary Shares so issued, purchased or acquired);
- B is the number of Ordinary Shares which the aggregate consideration (if any) receivable for the Ordinary Shares to be issued or otherwise made available upon conversion or exchange or upon exercise of the right of subscription attached to such Securities or, as the case may be, for the Ordinary Shares to be issued or to arise from any such redesignation would purchase at such Current Market Price per Ordinary Share; and
- C is the maximum number of Ordinary Shares to be issued or otherwise made available upon conversion or exchange of such Securities or upon the exercise of such right of subscription attached thereto at the initial conversion, exchange or subscription price or rate or, as the case may be, the maximum number of Ordinary Shares which may be issued or arise from any such redesignation,

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

Such adjustment shall become effective on the Effective Date.

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

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

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

where:

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

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

Such adjustment shall become effective on the Effective Date.

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

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

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

where:

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

Such adjustment shall become effective on the Effective Date.

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

- (x) If a Relevant Event occurs, then upon any exercise of Conversion Rights or Settlement Rights, as applicable, where the Conversion Date or Settlement Date, as applicable, falls during the Relevant Event Period, the Conversion Price shall, solely in respect of such exercise of Conversion Rights or Settlement Rights, equal:

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

where:

- OCP = means the Conversion Price in effect on the relevant Conversion Date or Settlement Date, as applicable
- CP = means the conversion premium of 26 per cent. (expressed as fraction)
- c = means the number of days from and including the date the Relevant Event occurs to but excluding the Final Maturity Date
- t = means the number of days from and including the Closing Date to but excluding the Final Maturity Date

- (b) If the Issuer determines that an adjustment should be made to the Conversion Price as a result of one or more circumstances not referred to above in Condition 6.4(a) (*Adjustments to Conversion Price - Adjustments*) (even if the relevant circumstance is specifically excluded from the operation of Condition 6.4(a)(i) to (x) above), the Issuer shall, at its own expense and acting reasonably, request an Independent Financial Adviser to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and the date on which such adjustment (if any) should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this Condition 6.4(b) if such Independent Financial Adviser is so requested to make such a determination not more than 21 days after the date on which the relevant circumstance arises and if the adjustment would result in a reduction to the Conversion Price.
- (c) Notwithstanding the foregoing provisions:
 - (i) where the events or circumstances giving rise to any adjustment pursuant to Condition 6.4 (*Adjustments to Conversion Price*) have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give

rise to an adjustment to the Conversion Price or where more than one event which gives rise or will give rise to an adjustment to the Conversion Price occurs or will occur within such a short period of time that, in the opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be advised by an Independent Financial Adviser to be in its opinion appropriate to give the intended result; and

- (ii) in addition, such modification shall be made to the operation of these Conditions as may be advised by an Independent Financial Adviser to be in its opinion appropriate (i) to ensure that an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once and (ii) to ensure that the economic effect of a Dividend is not taken into account more than once.
- (d) For the purpose of any calculation of the consideration receivable or price pursuant to sub-paragraphs (iv), (vi), (vii) and (viii) of Condition 6.4(a) (*Adjustments to Conversion Price – Adjustments*), the following provisions shall apply:
- (i) the aggregate consideration receivable or price for Ordinary Shares issued for cash shall be the amount of such cash;
 - (ii) (x) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the conversion or exchange of any Securities shall be deemed to be the consideration or price received or receivable for any such Securities and (y) the aggregate consideration receivable or price for Ordinary Shares to be issued or otherwise made available upon the exercise of rights of subscription attached to any Securities or upon the exercise of any options, warrants or rights shall be deemed to be that part (which may be the whole) of the consideration or price received or receivable for such Securities or, as the case may be, for such options, warrants or rights which are attributed by the Issuer to such rights of subscription or, as the case may be, such options, warrants or rights or, if no part of such consideration or price is so attributed, the Fair Market Value of such rights of subscription or, as the case may be, such options, warrants or rights as at the relevant Effective Date as referred to in sub-paragraph (iv) of Condition 6.4(a) (*Adjustments*), or the date of first public announcement as referred to in sub-paragraph (vi), (vii) or (viii) of Condition 6.4(a) (*Adjustments*), as the case may be, plus in the case of each of (x) and (y) above, the additional minimum consideration receivable or price (if any) upon the conversion or exchange of such Securities, or upon the exercise of such rights or subscription attached thereto or, as the case may be, upon exercise of such options, warrants or rights and (z) the consideration receivable or price per Ordinary Share upon the conversion or exchange of, or upon the exercise of such rights of subscription attached to, such Securities or, as the case may be, upon the exercise of such options, warrants or rights shall be the aggregate consideration or price referred to in (x) or (y) above (as the case may be) divided by the number of Ordinary Shares to be issued upon such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate;
 - (iii) if the consideration or price determined pursuant to (a) or (b) above (or any component thereof) shall be expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date (in the case of (a) above), or the relevant Effective Date or date of the first public announcement, as the case may be (in the case of (b) above); and
 - (iv) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant Ordinary Shares or Securities or options, warrants or rights, or otherwise in connection therewith.

- (e) For the avoidance of doubt, the issue, transfer or delivery of Ordinary Shares pursuant to the exercise of Conversion Rights shall not result in an adjustment to the Conversion Price pursuant to Condition 6.4(a) (*Adjustments to Conversion Price - Adjustments*).
- (f) *Retroactive Adjustments*
- (i) If the Applicable Date in relation to any exercise of Conversion Rights or, for the purpose of paragraph (ii) below, Settlement Rights in respect of any Bond shall be after the record date in respect of any consolidation, reclassification or sub-division as is mentioned in Condition 6.4(a)(i), or after the record date or other due date for the establishment of entitlement for any such issue, distribution, grant or offer (as the case may be) as is mentioned in Condition 6.4(a)(ii), (iii), (iv), (v) or (ix), or after the date of the first public announcement of the terms of any such issue or grant as is mentioned in Condition 6.4(a)(vi) and (vii) or of the terms of any such modification as is mentioned in Condition 6.4(a)(viii), in any case where the relevant Conversion Date or, as the case may be, Settlement Date falls before the relevant adjustment to the Conversion Price becomes effective under Condition 6.4(a) (*Adjustments to Conversion Price - Adjustments*) (such adjustment, a “**Retroactive Adjustment**”), then the Issuer shall (conditional upon the relevant adjustment becoming effective and solely in respect of any Physically Settled Shares in respect of the relevant exercise of Conversion Rights) procure that there shall be issued or transferred and delivered to the converting Bondholder, subject to Condition 6.9, in accordance with the instructions contained in the Conversion Notice, such additional number of Ordinary Shares (if any) (the “**Additional Ordinary Shares**”) as, together with the Physically Settled Shares to be issued or transferred and delivered in respect of such exercise of Conversion Rights (together with any fraction of an Ordinary Share not so issued or transferred and delivered), is equal to the number of Physically Settled Shares which would have been required to be issued or transferred and delivered in respect of such exercise of Conversion Rights if the relevant adjustment to the Conversion Price had been made and become effective immediately prior to the relevant Conversion Date and the number of Reference Shares had been determined on the basis of such Conversion Price so adjusted (and, in circumstances where the Cash Settlement Ratio is not equal to zero, the number of Cash Settled Shares had been equal to the product (rounded down if necessary to the nearest whole number of Ordinary Shares) of the Cash Settlement Ratio and such number of Reference Shares so determined), all as determined by the Calculation Agent.
- (ii) If (x) a Retroactive Adjustment occurs in respect of the exercise by a Bondholder of Settlement Rights, or in respect of the exercise by a Bondholder of Conversion Rights in circumstances where the Cash Settlement Ratio is not equal to zero and (y) any dealing day during the relevant Cash Alternative Calculation Period falls on or after the date (the “**Applicable Reference Date**”) which is the Reference Date in respect of such Retroactive Adjustment or (in the case of a Retroactive Adjustment pursuant to Conditions 6.4(a)(iii)) the relevant Ex-Date or (in the case of a Retroactive Adjustment pursuant to Conditions 6.4(a)(vi), 6.4(a)(vii) or 6.4(a)(viii)) the relevant date of the first public announcement, then the Issuer shall (conditional upon the relevant adjustment becoming effective and solely in respect of the Cash Settled Shares in respect of such exercise of Conversion Rights or Settlement Rights) pay to the relevant Bondholder an additional amount (the “**Additional Cash Amount**”) equal to the Market Price of such number of Ordinary Shares by which the number of Cash Settled Shares would have increased if the relevant adjustment to the Conversion Price had been made and become effective immediately prior to the relevant Conversion Date or Settlement Date (assuming such increased number of Cash Settled Shares to be equal to the product (rounded down if necessary to the nearest whole number of Ordinary Shares) of the Cash Settlement Ratio and the number of Reference Shares determined on the basis of such Conversion Price so adjusted), all as determined by the Calculation Agent.

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

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

(g) *Decisions and determinations of an Independent Financial Adviser or Calculation Agent*

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

Adjustments to the Conversion Price shall be calculated by the Calculation Agent (and/or, to the extent so specified in the Conditions, an Independent Financial Adviser) upon request from the Issuer. Adjustments to the Conversion Price calculated by the Calculation Agent (or, where applicable, an Independent Financial Adviser) and any other determinations made by the Calculation Agent (or, where applicable, an Independent Financial Adviser) pursuant to these Conditions shall be final and binding (in the absence of bad faith or manifest error (in the case of any determinations by the Calculation Agent) and subject to any determinations by an Independent Financial Adviser) on the Issuer, the Bondholders, the Principal Paying, Transfer and Conversion Agent and (in the case of a determination by an Independent Financial Adviser) the Calculation Agent. The Calculation Agent may consult, at the expense of the Issuer, on any matter (including but not limited to, any legal matter), any legal or other professional adviser and it shall be able to rely upon, and it shall not be liable and shall incur no liability as against the Bondholders or the Principal Paying, Transfer and Conversion Agent in respect of anything done, or omitted to be done, relating to that matter in good faith in accordance with, that adviser’s written opinion.

The Calculation Agent shall act solely upon the request from, and exclusively as agent of, the Issuer. Neither the Calculation Agent (acting in such capacity) nor any Independent Financial Adviser appointed in connection with the Bonds (acting in such capacity) will thereby assume any obligations towards or relationship of agency or trust with, and shall not be liable and shall incur no liability in respect of anything done, or omitted to be done in good faith, in accordance with the Conditions as against the Bondholders or the Principal Paying, Transfer and Conversion Agent.

(h) *Share or Option Schemes*

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

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

On any adjustment, the resultant Conversion Price, if not an integral multiple of €0.0001, shall be rounded down to the nearest whole multiple of €0.0001. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made by reason of this Condition 6.4(i) and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

Notice of any adjustments to the Conversion Price and Threshold Amount shall be given by the Issuer to Bondholders in accordance with Condition 15 (*Notices*) as soon as practicable after the determination thereof.

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

6.5 Relevant Event

(a) Within 14 calendar days following the occurrence of a Relevant Event, the Issuer shall give notice thereof to the Bondholders (a “**Relevant Event Notice**”) in accordance with Condition 15 (*Notices*). The Relevant Event Notice shall contain a statement informing Bondholders of their entitlement (i) to exercise their Conversion Rights or, as appropriate, their Settlement Rights subject to and as provided in these Conditions and (ii) to exercise their rights to require redemption of their Bonds subject and pursuant to Condition 7.3 (*Redemption at the Option of Bondholders following a Relevant Event*), in each case during the Relevant Event Period.

(b) The Relevant Event Notice shall also specify:

- (i) all information material to Bondholders concerning the Relevant Event, as applicable;
- (ii) the Conversion Price immediately prior to the occurrence of the Relevant Event and the indicative Conversion Price applicable during the Relevant Event Period pursuant to subparagraph (x) of Condition 6.4(a) (*Adjustments to Conversion Price - Adjustments*) on the basis of the Conversion Price in effect immediately prior to the occurrence of the Relevant Event (but the actual Conversion Price applicable to any exercise of Conversion Rights or Settlement Rights where the Conversion Date or Settlement Date, as applicable, falls within the Relevant Event Period shall depend upon the Conversion Price in effect on the relevant Conversion Date or Settlement Date, as applicable);
- (iii) the Closing Price of the Ordinary Shares as at the latest practicable date prior to the publication of the Relevant Event Notice;
- (iv) the Relevant Event Period; and
- (v) the Put Date.

6.6 Procedure for exercise of Conversion Rights and Settlement Rights

(a) *Exercise of Conversion Rights and Settlement Rights*

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

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

Any determination as to whether any Conversion Notice or Settlement 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 Paying, Transfer and Conversion Agents and the relevant Bondholder.

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

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

A Bondholder exercising Conversion Rights must pay directly to the relevant authorities any taxes and capital, stamp, issue, registration and transfer taxes and duties arising on such exercise (other than any taxes or capital, stamp, issue, registration and transfer taxes and duties payable in Italy in respect of the issue or transfer and delivery of any Ordinary Shares or any Additional Ordinary Shares in respect of such exercise, including without limitation any such taxes payable in Italy pursuant to Article 1, paragraphs 491 to 500, of Law No. 228 of 24 December 2012, as amended and/or any other applicable provision, which shall be paid by the Issuer, but excluding any such taxes payable pursuant to Italian Legislative Decree No. 239 of 1 April 1996 or No. 461 of 21 November 1997 or payable in Italy on the net income of that Bondholder (including, without limitation, pursuant to IRES (*imposta sul reddito delle società*), IRAP (*imposta regionale sulle attività produttive*), IRPEF (*imposta sul reddito delle persone fisiche*), IRI (*imposta sul reddito di impresa*) or any similar taxes). If the Issuer shall fail to pay any taxes and capital, stamp, issue, registration and transfer taxes and duties payable for which it is responsible as provided above, the relevant holder shall be entitled to tender and pay the same and the Issuer as a separate and independent stipulation, covenants to reimburse and indemnify each Bondholder in respect of any payment thereof and any penalties payable in respect thereof.

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

(b) *Delivery of Ordinary Shares and Additional Ordinary Shares; payment of Cash Alternative Amount and Additional Cash Amount*

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

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

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

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

The Issuer will pay the Cash Alternative Amount no later than five TARGET Business Days following the end of the relevant Cash Alternative Calculation Period. In the case of a Retroactive Adjustment, the Issuer will pay the Additional Cash Amount no later than five TARGET Business Days following the relevant Reference Date or, if later, on the date on which the related Cash Alternative Amount is to be paid.

Payment of the Cash Alternative Amount and any Additional Cash Amount shall be made by transfer to a euro account with a bank in the city in which banks have access to the TARGET System in accordance with instructions contained in the relevant Settlement Notice.

Fractions of Ordinary Shares will not be delivered on exercise of Conversion Rights or pursuant to Condition 6.4(f) (*Retroactive Adjustments*) and no cash payment or other adjustment will be made in lieu thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that Ordinary Shares to be delivered on conversion or pursuant to Condition 6.4(f) (*Retroactive Adjustments*) are to be registered in the same name, the number of such Ordinary Shares to be delivered in respect thereof shall be calculated by the Calculation Agent on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Ordinary Shares.

The Issuer will procure that Ordinary Shares to be issued or delivered on exercise of Conversion Rights will be issued or delivered to the holder of the Bonds completing the relevant Conversion Notice or his nominee. Such Ordinary Shares will be deemed to be issued or delivered as of the relevant Delivery Date. Any Additional Ordinary Shares to be issued or transferred and delivered

pursuant to Condition 6.4(f) (*Retroactive Adjustments*) will be deemed to be issued or delivered as of the relevant Additional Delivery Date.

6.7 Bondholders' rights to dividends, distributions or allocations in respect of Ordinary Shares delivered

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

6.8 Purchase or Redemption of Ordinary Shares

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

6.9 Shortfall

In the event that the adjustments to the Conversion Price, or any other circumstances, cause the maximum number of Ordinary Shares deliverable upon conversion of all Bonds then outstanding to exceed the Available Shares (and the difference between the maximum number of Ordinary Shares deliverable upon conversion of all outstanding Bonds and the Available Shares to be referred to herein as the “**Shortfall**”), then (a) Issuer shall give notice of such fact and of (i) the Available Shares, (ii) the maximum number of Ordinary Shares deliverable upon conversion of all Bonds then outstanding and (iii) the Relevant Percentage to the Bondholders in accordance with Condition 15 (*Notices*) promptly after determination thereof; and (b) upon any subsequent conversion, the Issuer shall (without prejudice to the other provisions of these Conditions) deliver to each relevant Bondholder a combination of Ordinary Shares and the relevant Cash Alternative Amount, as follows:

- (a) in the event of any conversion of some, but not all, of the outstanding Bonds:
 - (i) the number of Ordinary Shares to be delivered to a Bondholder will be equal to the product of (A) the number of Ordinary Shares otherwise deliverable upon conversion of such Bondholder's Bond(s) and (B) the Relevant Percentage; and
 - (ii) the number of Ordinary Shares (for the purpose of this Condition 6.9(a), the “**Undeliverable Shares**”) by reference to which the relevant Cash Alternative Amount will be calculated will be determined by subtracting (A) the number of Ordinary Shares to be delivered to a Bondholder in accordance with 6.9(a)(i) above from (B) the number of Ordinary Shares deliverable (but for the application of this Condition 6.9(a)) to the relevant Bondholder upon conversion of such Bondholder's Bonds;
- (b) in the event of a conversion of all the outstanding Bonds occurring on the same date, all the Available Shares will be delivered *pro rata* among all Bondholders, and the number of Ordinary Shares (for the purpose of this Condition 6.9(b), the “**Undeliverable Shares**”) by

reference to which the relevant Cash Alternative Amount will be calculated will be determined by subtracting (A) the *pro rata* number of Ordinary Shares to be delivered to the relevant Bondholder from (B) the number of Ordinary Shares deliverable (but for the application of this Condition 6.9(b)) to the relevant Bondholder upon conversion of such Bondholder's Bonds,

such that the aggregate of the number of Undeliverable Shares and the number of Ordinary Shares to be delivered by the Issuer equals (subject to rounding as described above) the total number of Ordinary Shares such Bondholder is entitled to receive under these Conditions upon conversion of its Bond.

7. Redemption and Purchase

7.1 Final Redemption

Unless previously purchased and cancelled, redeemed or settled or converted as herein provided, the Bonds will be redeemed at their principal amount on the Final Maturity Date. The Bonds may only be redeemed at the option of the Issuer prior to the Final Maturity Date in accordance with Condition 7.2 (*Redemption at the Option of the Issuer*).

7.2 Redemption at the Option of the Issuer

(a) *Soft Call and Clean-up Call*

On giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Bondholders in accordance with Condition 15 (*Notices*), the Issuer may at any time redeem all but not some only of the Bonds on the date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice at their principal amount:

- (i) at any time on or after 14 April 2020 (the "**First Call Date**") if, on each of not less than 20 dealing days in any period of 30 consecutive dealing days ending not more than 7 days prior to the giving of the relevant Optional Redemption Notice, the Volume Weighted Average Price of an Ordinary Share for such dealing day exceeds 130 per cent. of the Conversion Price in effect (disregarding, for the avoidance of doubt, any adjustment to the Conversion Price pursuant to Condition 6.4(a)(x)) on each such dealing day; or
- (ii) at any time if, prior to the date the relevant Optional Redemption Notice is given, Conversion Rights and/or Settlement Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 85 per cent. or more in principal amount of the Bonds originally issued (which shall for this purpose include any Further Bonds) (the "**Clean-up Call**").

(b) *Redemption following non-passing of the Shareholder Resolution*

If:

- (i) at the first general meeting of Shareholders occurring after the Closing Date but on or prior to the Long-stop Date, the Shareholder Resolution is not passed; or
- (ii) no general meeting of the Shareholders is held after the Closing Date but on or prior to the Long-stop Date,

the Issuer may at any time after:

- (x) in the case of (i) above, the conclusion of such general meeting; or
- (y) in the case of (ii) above, the Long-stop Date,

but no later than the Shareholder Event Notice Deadline (inclusive), give notice to the Bondholders (a “**Shareholder Event Notice**”) in accordance with Condition 15 (*Notices*) that it will redeem all but not some only of the Bonds on the date falling 3 dealing days after the end of the Fair Bond Value Calculation Period (the “**Shareholder Event Redemption Date**”) at a price per Bond which is equal to the greater of (x) 102 per cent. of the principal amount per Bond and (y) 102 per cent. of the Fair Bond Value per Bond.

“**Fair Bond Value**” means the price determined in good faith by an Independent Financial Adviser as being the average of such mid-market prices per €100,000 in principal amount of the Bonds as such Independent Financial Adviser shall consider appropriate on each dealing day during the Fair Bond Value Calculation Period.

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

“**Shareholder Event Notice Deadline**” means the 10th dealing day following the earlier of the (i) the Long-stop Date and (ii) the date of the first general meeting of Shareholders (if any) occurring after the Closing Date but on or prior to the Long-stop Date.

(c) *Redemption for Taxation Reasons*

At any time the Issuer may, having given not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Bondholders in accordance with Condition 15 (*Notices*) redeem (subject to the second following paragraph) all but not some only of the Bonds for the time being outstanding on the date (the “**Tax Redemption Date**”) specified in the Tax Redemption Notice at their principal amount, if (i) the Issuer has or will become obliged to pay additional amounts in respect of payments on the Bonds pursuant to Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Closing Date, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due (the “**Tax Call**”). Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Principal Paying, Transfer and Conversion Agent (a) a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and (b) an opinion of independent legal or tax advisers of recognised international standing to the effect that such change or amendment has occurred and that the Issuer has or will be obliged to pay such additional amounts as a result thereof (irrespective of whether such amendment or change is then effective).

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 Tax Redemption Notice, each Bondholder will have the right to elect that his Bonds shall not be redeemed and that the provisions of Condition 9 (*Taxation*) shall not apply in respect of any payment to be made on such Bonds which falls due after the relevant Tax Redemption Date, whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 9

(Taxation) 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.

(d) *Optional Redemption Notice, Shareholder Event Notice and Tax Redemption Notice*

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

7.3 Redemption at the Option of Bondholders following a Relevant Event

Following the occurrence of a Relevant Event, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the Put Date at its principal amount. To exercise such right, the holder of the relevant Bond must deliver such Bond to the specified office of any Paying, Transfer and Conversion Agent, together with a duly completed and signed notice of exercise in the form for the time being current obtainable from the specified office of any Paying, Transfer and Conversion Agent (a “**Put Exercise Notice**”), at any time during the Relevant Event Period. The “**Put Date**” shall be the fourteenth calendar day after the expiry of the Relevant Event Period.

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

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

7.4 Purchase

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

7.5 Cancellation

All Bonds which are redeemed or in respect of which Conversion Rights or Settlement Rights are exercised will be cancelled and may not be reissued or resold. Subject to the requirements (if any) of any stock exchange or securities market on which the Bonds may be admitted to listing and/or trading at the relevant time and subject to compliance with all applicable laws and regulations,

Bonds purchased by the Issuer or any of its Subsidiaries may be held or re-sold by the Issuer or submitted for cancellation by the Issuer or its Subsidiaries, in each case, at the Issuer's discretion.

7.6 Multiple Notices

If more than one notice of redemption is given pursuant to this Condition 7 (*Redemption and Purchase*), the first of such notices to be given shall prevail.

8. Payments

8.1 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.

8.2 Other amounts

Payments of all amounts other than as provided in Condition 8.1 (*Principal*) will be made as provided in these Conditions.

8.3 Record Date

“**Record Date**” means the fifth day 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 a common depository for Euroclear Bank SA/NV (“Euroclear”) and/or Clearstream Banking, S.A. (“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.

8.4 Payments

Each payment in respect of the Bonds pursuant to Condition 8.1 (*Principal*) and Condition 8.2 (*Other amounts*) will be made by transfer to a euro account maintained by the payee with a bank in a city in which banks have access to the TARGET System.

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

8.5 Payments subject to fiscal laws

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

8.6 Delay in payment

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

8.7 Business Days

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

8.8 Paying, Transfer and Conversion Agents, etc.

The Issuer reserves the right under the Agency Agreement at any time to vary or terminate the appointment of any Paying, Transfer and Conversion Agent, and Registrar and appoint additional or other Paying, Transfer and Conversion Agents, provided that it will (i) maintain a Principal Paying, Transfer and Conversion Agent and (ii) maintain a Registrar with a specified office outside the United Kingdom. Notice of any change in the Paying, Transfer and Conversion Agents or the Registrar or their specified offices will promptly be given by the Issuer to the Bondholders in accordance with Condition 15 (*Notices*). The Issuer reserves the right under the Calculation Agency Agreement at any time to vary or terminate the appointment of the Calculation Agent and appoint additional or other Calculation Agents, provided that it will maintain a Calculation Agent, which shall be a financial institution of international repute or a financial adviser with appropriate expertise.

8.9 No charges

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

8.10 Fractions

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

9. Taxation

All payments made by on or behalf of the Issuer in respect of the Bonds shall be made without deduction or withholding for, or on account of, any present or future taxes or duties of whatever nature imposed or levied by, or on behalf of, Italy or any political subdivision or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law.

In the event that any such withholding or deduction is required to be made, the Issuer will pay such additional amounts as will be necessary in order that the net amounts received by the Bondholders after such withholding or deduction shall equal the amounts which would otherwise have been receivable had no such withholding or deduction been required, except that no such additional amount shall be payable in respect of any Bond:

- (a) in relation to any payment, in cash or in kind, or deduction of any principal or other proceeds or amount in respect of any Bond presented for payment in the Republic of Italy; or
- (b) the holder of which is liable for such taxes or duties in respect of such Bond by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Bond; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such 30th day assuming that day to have been a business day; or

- (d) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by making a declaration or any other statement, including but not limited to, a declaration of residence or non-residence, but fails to do so; or
- (e) in relation to any payment, in cash or in kind, or deduction of any principal or other proceeds or amount in cash or in kind of any Bond on account of *imposta sostitutiva* pursuant to (i) Italian Legislative Decree No. 239 of 1 April 1996 or (ii) Italian Legislative Decree No. 461 of 21 November 1997, or in each case any future similar law and any related implementing regulations (each as amended or supplemented from time to time); or
- (f) in the event of payment in cash or in kind to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that any amounts are paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Republic of Italy.

As used herein:

- (i) “**Tax Jurisdiction**” means the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject by reason of its tax residence or a permanent establishment maintained therein in respect of payments made by it on the Bonds; and
- (ii) the “**Relevant Date**” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal, Paying, Transfer and Conversion Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Bondholders in accordance with Condition 15 (*Notices*).

References in these Conditions to principal 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 Agency Agreement.

The provisions of this Condition 9 (*Taxation*) 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 7.2(c).

10. Events of Default

10.1 If any of the following events (each an “**Event of Default**”) occurs and is continuing:

- (a) *Non-payment*: If default is made by the Issuer in the payment of any principal due in respect of the Bonds or any of them or any other sum due from it under the Bonds or if the Issuer fails to deliver Ordinary Shares on the due date for delivery as provided in these Conditions and, in either such case, the default continues for a period of 14 days; or
- (b) *Breach of other obligations*: If the Issuer fails to perform or observe any of its other obligations under these Conditions and (except in any case where the failure is incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 45 days after notice of such default shall have been given to the Issuer by the holder of a Bond or by the Principal, Paying, Transfer and Conversion Agent; or

- (c) *Cross default: If:*
- (i) any Indebtedness for Borrowed Money of the Issuer or any of its Material Subsidiaries becomes due and repayable prematurely by reason of an event of default (however described), or the Issuer or any of its Material Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment (as extended by any originally applicable grace period) or default is made by the Issuer or any of its Material Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person (as extended by any originally applicable grace period), provided that no such event shall constitute an Event of Default unless the aggregate Indebtedness for Borrowed Money relating to all such events which shall have occurred and be continuing shall exceed at any time €100,000,000 (or its equivalent in any other currency); or
 - (ii) any Security Interest (other than any Security Interest securing Project Finance Indebtedness or Indebtedness for Borrowed Money incurred in the circumstances described in the definition of Project Finance Indebtedness as if such definition referred to Indebtedness for Borrowed Money), present or future, created or assumed on or against all or a material part of the property, assets or revenues of the Issuer, becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) which is not contested in good faith by all appropriate means or discharged or cancelled within 60 days of such enforcement; or
- (d) *Winding-up:* if any order is made by any competent court or resolution passed for the liquidation, winding up or dissolution (*scioglimento o liquidazione*) of the Issuer or any of its Material Subsidiaries and such order or resolution is not discharged or cancelled within 60 days, save for the purposes of (i) a solvent amalgamation, merger, de-merger or reconstruction (a “**Solvent Reorganisation**”) under which the assets and liabilities of the Issuer or such Material Subsidiary, as the case may be, are assumed by the entity resulting from such Solvent Reorganisation and (A) such entity continues to carry on substantially the same business of the Issuer or such Material Subsidiary, as the case may be, and (B) in the case of a Solvent Reorganisation of the Issuer, such entity assumes all the obligations of the Issuer in respect of the Bonds and an opinion of an independent legal adviser of recognised standing in the Republic of Italy has been delivered to the Principal, Paying, Transfer and Conversion Agent confirming the same prior to the effective date of such Solvent Reorganisation, or (ii) a reorganisation on terms previously approved by an Extraordinary Resolution; or
- (e) *Cessation of business; inability to pay debts:* if the Issuer or any of its Material Subsidiaries ceases or announces that it shall cease to carry on the whole or a substantial part of its business, save for the purposes of (i) a Solvent Reorganisation under which the assets and liabilities of the Issuer are assumed by the entity resulting from such Solvent Reorganisation and such entity assumes all the obligations of the Issuer in respect of the Bonds and an opinion of an independent legal adviser of recognised standing in the Republic of Italy has been delivered to the Principal, Paying, Transfer and Conversion Agent confirming the same prior to the effective date of such Solvent Reorganisation, or (ii) a reorganisation on terms previously approved by an Extraordinary Resolution; or
- (f) *Third party liquidation or similar proceedings:* if (i) proceedings are initiated against the Issuer or any of its Material Subsidiaries under any applicable insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or

other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Material Subsidiaries or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them and (ii) in any case (other than the appointment of an administrator) unless initiated by a member of the Group, is not contested in good faith by all appropriate means or is not discharged within 60 days; or

- (g) *Failure to pay a final judgment*: if the Issuer or any of its Material Subsidiaries fails to pay a final judgment (*sentenza passata in giudicato*, in the case of a judgment issued by an Italian court) of a court of competent jurisdiction within 60 days from the receipt of a notice that a final judgment in excess of an amount equal to the value of a substantial part of the assets or property of the Issuer or any of its Material Subsidiaries has been entered against it or an execution is levied, enforced upon or sued out against the whole or any substantial part of the assets or property of the Issuer or any of its Material Subsidiaries pursuant to any such judgment (for the purposes of paragraph (f) above and this paragraph (g), a “**substantial part**” of an entity’s assets or property means a part of the relevant entity’s assets or property which accounts for 30 per cent. or more of the relevant entity’s assets or property as determined by reference to the most recently audited consolidated financial statements of the relevant entity); or
- (h) *Insolvency, etc.*: if the Issuer or any of its Material Subsidiaries stops or announces that it shall stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent, or initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) otherwise than for the purposes of a solvent amalgamation, merger, de-merger or reconstruction,

then any holder of a Bond may, by written notice to the Issuer at the specified office of the Paying, Transfer and Conversion Agent effective upon the date of receipt by the Paying, Transfer and Conversion Agent, declare any Bond held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at its principal amount without presentment, demand, protest or other notice of any kind.

11. Undertakings

- 11.1 The Issuer undertakes to use all reasonable endeavours to obtain by not later than 18 June 2017 and thereafter maintain the listing of the Bonds on an internationally recognised, regularly operating, regulated or non-regulated, stock exchange as determined by the Issuer. The Issuer will forthwith give notice to the Bondholders in accordance with Condition 15 (*Notices*) of the listing or delisting of the Bonds by any of such stock exchanges or securities markets.
- 11.2 Whilst any Conversion Right or Settlement Right remains exercisable, the Issuer will, save with the approval of an Extraordinary Resolution:
- (a) other than in connection with a Newco Scheme, not issue or pay up any Securities, in either case by way of capitalisation of profits or reserves, other than:

- (i) by the issue of fully paid Ordinary Shares or other Securities to Shareholders and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive Ordinary Shares or other shares or Securities on a capitalisation of profits or reserves; or
- (ii) by the issue of Ordinary Shares paid up in full (in accordance with applicable law) and issued wholly, ignoring fractional entitlements, in lieu of the whole or part of a Dividend in cash; or
- (iii) by the issue of fully paid equity share capital (other than Ordinary Shares) to the holders of equity share capital of the same class and other holders of shares in the capital of the Issuer which by their terms entitle the holders thereof to receive equity share capital (other than Ordinary Shares); or
- (iv) by the issue of Ordinary Shares or any equity share capital to, or for the benefit of, any employee or former employee, director or executive holding or formerly holding executive office of the Issuer or any of its Subsidiaries or any associated company or to trustees or nominees to be held for the benefit of any such person, in any such case pursuant to an employee, director or executive share or option scheme whether for all employees, directors, or executives or any one or more of them,

unless, in any such case, the same constitutes a Dividend or otherwise gives rise (or would, but for the provisions of Condition 6.4(i) (*Rounding Down and Notice of Adjustment to the Conversion Price*) relating to roundings or the carry forward of adjustments, give rise) to an adjustment to the Conversion Price;

- (b) not modify the rights attaching to the Ordinary Shares with respect to voting (provided that nothing in this Condition 11 (*Undertakings*) shall prevent modification to the quorum requirements in respect of general meetings of the holders of Ordinary Shares), dividends or liquidation nor issue any other class of equity share capital carrying any rights which are more favourable than the rights attaching to the Ordinary Shares but so that nothing in this Condition 11.2 shall prevent:

- (i) the issue of equity share capital to employees or former employees or directors (including directors holding or formerly holding executive office or the personal service company of any such person) (or the spouse or relative of any such person) whether of the Issuer or any of its Subsidiaries or associated companies by virtue of their office or employment pursuant to an employee, director or executive share or option or incentive schemes; or
- (ii) any consolidation, reclassification or subdivision of the Ordinary Shares; or
- (iii) any modification of such rights which is not, in the opinion of an Independent Financial Adviser, materially prejudicial to the interests of the holders of the Bonds; or
- (iv) any issue of equity share capital where the issue of such equity share capital results, or would, but for the provisions of Condition 6.4(i) (*Rounding Down and Notice of Adjustment to the Conversion Price*) relating to roundings or the carry forward of adjustments or, where comprising Ordinary Shares, the fact that the consideration per Ordinary Share receivable therefor is at least 95 per cent. of the Current Market Price per Ordinary Share, otherwise result, in an adjustment to the Conversion Price; or

- (v) any issue of equity share capital or modification of rights attaching to the Ordinary Shares, where prior thereto the Issuer shall have instructed an Independent Financial Adviser to determine what (if any) adjustments should be made to the Conversion Price as being fair and reasonable to take account thereof and such Independent Financial Adviser shall have determined either that no adjustment is required or that an adjustment resulting in a decrease in the Conversion Price is required and, if so, the new Conversion Price as a result thereof and the basis upon which such adjustment is to be made and, in any such case, the date on which the adjustment shall take effect (and so that the adjustment shall be made and shall take effect accordingly);
- (c) procure that, other than the Bonds, no Securities (whether issued by the Issuer or any Subsidiary of the Issuer or procured by the Issuer or any Subsidiary of the Issuer to be issued or issued by any other person pursuant to any arrangement with the Issuer or any Subsidiary of the Issuer) issued without rights to convert into, or exchange or subscribe for, Ordinary Shares shall subsequently be granted such rights exercisable at a consideration per Ordinary Share which is less than 95 per cent. of the Current Market Price per Ordinary Share at the close of business on the last dealing day preceding the date of the first public announcement of the proposed inclusion of such rights unless the same gives rise (or would, but for the provisions of Condition 6.4(i) (*Rounding Down and Notice of Adjustment to the Conversion Price*) relating to roundings or the carry forward of adjustments, give rise) to an adjustment to the Conversion Price and that at no time shall there be in issue Ordinary Shares of differing nominal values, save where such Ordinary Shares have the same economic rights;
- (d) not make any issue, grant or distribution or take or omit to take any other action if the effect thereof would be that, on the exercise of Conversion Rights, Ordinary Shares could not, under any applicable law then in effect, be legally issued as fully paid;
- (e) not reduce its issued share capital, share premium account, or any uncalled liability in respect thereof, or any non-distributable reserves, except:
 - (i) pursuant to the terms of issue of the relevant share capital; or
 - (ii) by means of a purchase or redemption or buy back of share capital of the Issuer to the extent permitted by applicable law; or
 - (iii) pursuant to a Newco Scheme; or
 - (iv) by way of or involving a transfer to reserves as permitted under applicable law; or
 - (v) where the reduction does not involve any distribution of assets; or
 - (vi) solely in relation to a change in the currency in which the nominal value of the Ordinary Shares is expressed; or
 - (vii) where the reduction is required by applicable law; or
 - (viii) to create distributable reserves; or
 - (ix) where the reduction is permitted by applicable law and results in (or would, but for the provisions of Condition 6.4(i) (*Rounding Down and Notice of Adjustment to the Conversion Price*) relating to roundings or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made,

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

- (f) if any offer is made to all (or as nearly as may be practicable all) Shareholders (or all (or as nearly as may be practicable all) Shareholders other than the offeror and/or any associates of the offeror) and/or any parties acting together with the offeror or any associates of the offeror to acquire the whole or a majority of the issued Ordinary Shares, or if any person proposes a scheme with regard to such acquisition (other than a Newco Scheme), give notice, unless prohibited by applicable law, of such offer or scheme to the Bondholders at the same time as any notice thereof is sent to the Shareholders (or as soon as practicable thereafter) that details concerning such offer or scheme may be obtained from the specified offices of the Paying, Transfer and Conversion Agents and, where such an offer or scheme has been recommended by the board of directors of the Issuer, or where such an offer has become or been declared unconditional in all respects or such scheme has become effective, use all reasonable endeavours to enable Bondholders to exercise Conversion Rights so as to be able to tender the Ordinary Shares issued on such exercise of Conversion Rights in such offer or scheme and/or procure that a like offer or scheme is extended to the holders of any Ordinary Shares issued during the period of the offer or scheme arising out of the exercise of the Conversion Rights by the Bondholders and/or to the holders of the Bonds;
- (g) in the event of a Newco Scheme, take (or shall procure that there is taken) all necessary action to ensure that immediately after completion of the Scheme of Arrangement, at its option, either (a) Newco is substituted under the Bonds and the Agency Agreement as principal obligor in place of the Issuer (with the Issuer providing a guarantee) subject to and as provided in these Conditions and the Agency Agreement; or (b) Newco becomes a guarantor under the Bonds and, in either case, that (i) such amendments are made to these Conditions as may be determined by an Independent Financial Adviser to be necessary to ensure that the Bonds may be settled by reference to or, as appropriate, converted into or exchanged for, ordinary shares in Newco *mutatis mutandis* in accordance with and subject to these Conditions and (ii) the ordinary shares of Newco are:
 - (i) admitted to the Relevant Stock Exchange; or
 - (ii) admitted to listing on another regulated, regularly operating, recognised stock exchange or securities market in the European Union;
- (h) for so long as any Bond remains outstanding, use all reasonable endeavours to ensure that its issued and outstanding Ordinary Shares shall be admitted to listing on the Relevant Stock Exchange; and
- (i) without prejudice to Condition 6.9 (*Shortfall*), at all times following the giving of a Physical Settlement Notice keep available for delivery such number of Ordinary Shares for delivery upon conversion of the Bonds (after taking account as appropriate of Ordinary Shares held by the Issuer in treasury and which are available for delivery as aforesaid) to enable the exercise of all Conversion Rights, and all rights of subscription and exchange for Ordinary Shares, to be satisfied in full.

11.3 For the avoidance of doubt, save as otherwise required by applicable Italian laws and regulations, and without prejudice to any other provision of these Conditions, nothing in this Condition 11 (*Undertakings*) shall impose on the Issuer any obligation to convene a meeting of Bondholders, or otherwise require the Issuer to seek to obtain the passing of a resolution of the Bondholders, in order to carry out any issuance of Securities (other than issuances subject to Condition 11.2 (i) above), the

merger of the Issuer with one or more companies, or the merger of the Issuer into another company, provided that all other provisions of the Conditions are complied with (including but not limited to Condition 10 (*Events of Default*) and without prejudice to any adjustments required to be made to the Conversion Price under Condition 6.4 (*Adjustments to the Conversion Price*).

12. Prescription

Claims against the Issuer 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.

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

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

- (a) the date on which payment in respect of it first becomes due; and
- (b) if any amount of the money payable is improperly withheld or refused the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given by the Issuer to the Bondholders in accordance with Condition 15 (*Notices*) that, upon further presentation of the Bond, where required pursuant to these Conditions, being made, such payment will be made, provided that such payment is in fact made as provided in these Conditions.

13. Replacement of Bonds

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

14. Meetings of Bondholders and Modification

In accordance with the Italian Civil Code, the Agency Agreement contains provisions for convening meetings of Bondholders to consider any matter affecting their interests relating to the Bonds, including the sanctioning by Extraordinary Resolution of a modification of the Bonds or any of the provisions of the Agency Agreement.

All meetings of the Bondholders will be held in accordance with applicable provisions of Italian law in force at the time and, where applicable Italian law so requires, the Issuer’s by-laws in force from time to 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 the Bondholders’ Representative, (ii) any amendment to these Conditions, (iii) motions for the 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) any other matter of common interest to the Bondholders.

Such a meeting may be convened by the Board of Directors of the Issuer or the Bondholders’ Representative (as defined below) at their discretion and, in any event, upon the request of any Bondholder(s) holding not less than 5 per cent. in nominal amount of the Bonds for the time being remaining outstanding. If the meeting has not been convened following such request of the Bondholders, the same may be convened by a decision of the competent court in accordance with the

provisions of Article 2367 of the Italian Civil Code. Every such meeting shall be held at a place as provided pursuant to Article 2363 of the Italian Civil Code.

Such a meeting will be validly held if (subject to mandatory laws, legislation, rules and regulations of Italian law in force from time to time and, where applicable Italian law so requires, the Issuer's bylaws in force from time to time) there are one or more persons present being or representing Bondholders holding at least one fifth of the aggregate nominal amount of the Bonds for the time being outstanding.

The majority required to pass a resolution at any meeting convened to vote on any resolution will be one or more persons holding or representing at least three fourths of the aggregate nominal amount of the Bonds for the time being outstanding represented at the meeting; provided, however, that certain proposals (including modifying the date of maturity of the Bonds, reducing or cancelling the amount of principal payable in respect of the Bonds or altering the currency of payment of the Bonds) may only be sanctioned by a resolution passed at a meeting (as provided under Article 2415 of the Italian Civil Code) of Bondholders by one or more persons holding or representing not less than one half of the aggregate nominal amount of the Bonds for the time being outstanding.

Officers and statutory auditors of the Issuer shall be entitled to attend the Bondholders' meetings but not participate or vote with reference to the Bonds held by the Issuer. Any resolution duly passed at any such meeting shall be binding on all the Bondholders, whether or not they are present at the meeting.

A representative of the Bondholders (*rappresentante comune*) (the **Bondholders' Representative**), subject to applicable provisions of Italian law, is appointed pursuant to Article 2417 of the Italian Civil Code in order to represent the Bondholders' interests under these Conditions and to give effect to resolutions passed at a meeting of the Bondholders. If the Bondholders' Representative is not appointed by a meeting of such Bondholders, the Bondholders' Representative shall be appointed by a decree of the court where the Issuer has its registered office at the request of one or more Bondholders or at the request of the Board of Directors of the Issuer. The Bondholders' Representative shall remain appointed for a maximum period of three years but may be reappointed again thereafter.

In derogation from Article 2415 of the Italian Civil Code, the Principal Paying, Transfer and Conversion Agent and the Issuer may agree, without the consent of the Bondholders, to:

- (a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Bonds or the Agency Agreement which is not prejudicial to the interests of the Bondholders; or
- (b) any modification of the Bonds or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Bondholders and any such modification shall be notified to the Bondholders in accordance with Condition 15 (*Notices*) as soon as practicable thereafter.

15. Notices

All notices regarding the Bonds will be valid if published through the electronic communication system of Bloomberg. The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any stock exchange or securities market or other relevant authority on which the Bonds are for the time being listed and/or traded. Any such notice

shall be deemed to have been given on the date of such publication of such notice (or, if required to be published in more than one manner, on the date of the first such publication). If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Issuer considers appropriate.

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

For so long as all of the Bonds are represented by the Global Bond and the Global Bond is deposited with a common depositary for 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.

16. Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further notes, bonds or debentures either having the same terms and conditions in all respects as the outstanding notes, bonds or debentures of any series (including the Bonds) or in all respects except for the first date on which settlement rights and/or conversion rights may be exercised and so that such further issue shall be consolidated and form a single series with the outstanding notes, bonds or debentures of any series (including the Bonds) or upon such terms as to conversion, premium, redemption and otherwise as the Issuer may determine at the time of their issue.

17. Contracts (Rights of Third Parties) Act 1999

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

18. Governing Law and Jurisdiction

18.1 Governing Law

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, provided that Condition 14 and the provisions of the Agency Agreement concerning meetings of Bondholders are subject to compliance with the laws of the Republic of Italy.

18.2 Jurisdiction

The Issuer irrevocably agrees, for the benefit of the Bondholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds (including a dispute relating to any non-contractual obligations arising out of or in connection with the Bonds) and accordingly submits to the exclusive jurisdiction of the English courts.

The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Bondholders may take any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the Bonds (including any Proceeding relating to any non-contractual obligations arising out of or in connection with the Bonds) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

18.3 Agent for Service of Process

The Issuer has irrevocably appointed Laurentia Financial Services Limited at its registered office for the time being in England as its agent to receive service of process in any Proceedings in England. Nothing herein shall affect the right to serve process in any other manner permitted by law.

Principal Paying, Transfer and Conversion Agent

BNP PARIBAS SECURITIES SERVICES, LUXEMBOURG BRANCH
BNP Paribas Securities Services, Luxembourg Branch
60, avenue J.F. Kennedy – L-1855 Luxembourg
(Postal Address: L-2085 Luxembourg)
Fax +352 2696 9757
Attention: Corporate Trust Services

Registrar

BNP PARIBAS SECURITIES SERVICES, LUXEMBOURG BRANCH
BNP Paribas Securities Services, Luxembourg Branch
60, avenue J.F. Kennedy – L-1855 Luxembourg
(Postal Address: L-2085 Luxembourg)
Fax +352 2696 9757
Attention: Corporate Trust Services

Form of Transfer

FOR VALUE RECEIVED the undersigned hereby transfers to

.....

.....

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE

(not more than four names may appear as joint holders)

€[] in principal amount of this Bond, and all rights under it, and irrevocably requests the Registrar to transfer this Bond (or the relevant part thereof) on the books kept for registration thereof.

Dated

Signed

Delivery of the new Bond to the transferee by collection at the specified office of the Registrar/by despatch at the transferee's own risk by ordinary mail (or, at the transferee's expense, by courier) at the address indicated above (*)

In the case of a transfer of part only of a Bond, delivery of a new Bond for the untransferred balance to the transferor by collection at the specified office of the Registrar/by despatch at the transferee's own risk by ordinary mail (or, at the transferee's expense, by courier) at the address of the transferor (*)

(*) Delete as appropriate

Notes:

The signature to this transfer must correspond with the name as it appears on the face of this Bond.

A representative of the Bondholder should state the capacity in which he signs e.g. executor.

The signature of the person effecting a transfer shall conform to any list of duly authorised specimen signatures supplied by the registered holder or be certified by a recognised bank, notary public or in such other manner as the Registrar may require.

Any transfer of Bonds shall be in the minimum amount of €100,000.

SCHEDULE 2

FORM OF GLOBAL BOND

THE BONDS REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED UNDER THE SECURITIES ACT EXCEPT IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT.

ISIN: XS1583310807

Certificate Number: 1

Common Code: 158331080

Snam S.p.A.
with registered office in Milan, Piazza Santa Barbara 7,
registered under No. 13271390158 of the Register of Enterprises of Milan

€400,000,000

Equity-Linked Bonds due 2022

Global Bond

The Bonds in respect of which this Global Bond is issued form part of the series designated as specified in the title (the **Bonds**) of Snam S.p.A. (the **Issuer**).

The Issuer hereby certifies that BNP Paribas Securities Services Luxembourg Branch, acting as Common Depositary on behalf of Clearstream and Euroclear (each as defined below) is, at the date hereof, entered in the register of Bondholders as the holder of Bonds in the principal amount of

€400,000,000

(EURO FOUR HUNDRED MILLION)

or such other amount as is shown on the register of Bondholders as being represented by this Global Bond and is duly endorsed (for information purposes only) in the third column of the Schedule to this Global Bond. The Bonds are in principal amounts of €100,000 each.

For value received, the Issuer promises to pay the person who appears at the relevant time on the Register of Bondholders as holder of the Bonds in respect of which this Global Bond is issued, the principal amount of this Global Bond on 20 March 2022 or on such earlier date as the said principal amount shall become due and payable from time to time in respect of such Bonds together with such other amounts (if any) as may be payable, all subject to and in accordance with the Conditions and otherwise to comply with the Conditions referred to below. Each payment 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.

The Bonds are subject to the paying, transfer and conversion agency agreement dated 20 March 2017 (the **Paying, Transfer and Conversion Agency Agreement**) between, among others, the Issuer and BNP Paribas Securities Services, Luxembourg Branch as Principal Paying, Transfer and Conversion Agent (the **Principal Paying, Transfer and Conversion Agent**) and to the terms and conditions (the **Conditions**) set

out in Schedule 1 to the Paying, Transfer and Conversion Agency Agreement, as modified by the provisions of this Global Bond. Terms defined in the Paying, Transfer and Conversion Agency Agreement have the same meaning when used herein.

This Global Bond is evidence of entitlement only.

Title to the Bonds passes only on due registration on the register of Bondholders and only the duly registered holder is entitled to payments on Bonds in respect of which this Global Bond is issued. Transfers of Bonds shall be effected in accordance with the rules from time to time of Euroclear or Clearstream or the Alternative Clearing System.

Exchange for Definitive Registered Bonds

This Global Bond is exchangeable in whole but not in part (free of charge to the holder) for definitive registered Bonds if this Global Bond is held on behalf of Euroclear or Clearstream, Luxembourg or the Alternative Clearing System (each as defined under **Notices** below) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so by such holder giving notice to the Principal Paying, Transfer and Conversion Agent of its intention to exchange this Global Bond for definitive registered Bonds on or after the Exchange Date specified in the notice. On or after the Exchange Date the holder of this Global Bond may surrender this Global Bond to or to the order of the Registrar. In exchange for this Global Bond, the Issuer shall deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive registered Bonds.

Exchange Date means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Registrar is located and in the cities in which Euroclear and Clearstream, Luxembourg or, if relevant, the Alternative Clearing System (each as defined under **Notices** below) are located.

Except as otherwise described herein, this Global Bond is subject to the Conditions and the Paying, Transfer and Conversion Agency Agreement and, until it is exchanged for definitive registered Bonds, its holder shall in all respects be entitled to the same benefits as if it were the holder of the definitive registered Bonds for which it may be exchanged and as if such definitive registered Bonds had been issued on the date of this Global Bond.

The Conditions shall be modified with respect to Bonds represented by this Global Bond by the following provisions:

Notices

So long as this Global Bond is held on behalf of Euroclear Bank SA/NV, (**Euroclear**) or Clearstream Banking S.A. (**Clearstream, Luxembourg or Clearstream**) or any other clearing system (the **Alternative Clearing System**), notices required to be given to Bondholders may be given by their being delivered to Euroclear, Clearstream, Luxembourg or, as the case may be, the Alternative Clearing System, rather than by publication as required by the Conditions in which case such notices shall be deemed to have been given to Bondholders on the date of delivery to Euroclear and Clearstream, Luxembourg or, as the case may be, the Alternative Clearing System.

Prescription

Claims against the Issuer in respect of principal payable in respect of this Global Bond will become void unless it is presented for payment within a period of ten years from the appropriate Relevant Date, (as defined in Condition 12 (*Prescription*)) and claims in respect of any other amounts payable in respect of this

Global Bond will become void unless it presented for payment within a period of ten years following the due date for payment thereof.

Meetings

The holder hereof shall (unless this Global Bond represents only one Bond) be treated as one person for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each €100,000 principal amount of Bonds for which this Global Bond may be exchanged. Any accountholder (or the representative of any such person) of a clearing system with an interest in the Bonds (**accountholders**) represented by this Global Bond, on confirmation of entitlement and proof of identity, may attend and speak (but not vote) at any meeting of Bondholders.

Purchase and Cancellation

Cancellation of any Bond represented by this Global Bond which is required by the Conditions to be cancelled will be effected by reduction in the principal amount of this Global Bond on its presentation to or to the order of the Principal Paying, Transfer and Conversion Agent for notation in Schedule B hereto.

Exercise of Settlement Rights/Conversion Rights/Optional Redemption upon a Relevant Event

For so long as this Global Bond is held on behalf of any one or more of Euroclear, Clearstream, Luxembourg or the Alternative Clearing System, Settlement Rights and Conversion Rights (each as defined in the Conditions) and redemption rights may be exercised as against the Issuer at any time during the Settlement Period, the Conversion Period or, as the case may be, Relevant Event Period, by the presentation to or to the order of the Principal Paying, Transfer and Conversion Agent of this Global Bond for appropriate notation, together with one or more Settlement Notices, Conversion Notices or, as the case may be, Relevant Event Notice, duly completed by or on behalf of a holder of a book-entry interest, in accordance with the standard procedures for Euroclear and/or Clearstream, Luxembourg and/or any Alternative Clearing System (which may include notice being given on such accountholder's instructions by Euroclear and/or Clearstream, Luxembourg and/or any Alternative Clearing System or any common depository for them to the Principal Paying, Transfer and Conversion Agent by electronic means) and in a form acceptable to Euroclear and/or Clearstream, Luxembourg and/or any Alternative Clearing System.

Events of Default

From time to time the Bonds represented by this Global Bond may be declared due and payable following an Event of Default in accordance with the Conditions by stating in a notice from the relevant Bondholder given to the Principal Paying, Transfer and Conversion Agent the nominal amount of Bonds (which may be less than the outstanding nominal amount hereof) to which any such notice relates.

If principal in respect of any Bonds is not paid when due and payable (but subject as provided below), the holder of this Global Bond may from time to time elect that Direct Rights under the provisions of Schedule A hereto shall come into effect. Such election shall be made by notice from the relevant Bondholder to the Principal Paying, Transfer and Conversion Agent and presentation of this Global Bond to or to the order of the Principal Paying, Transfer and Conversion Agent for reduction of the nominal amount of Bonds represented by this Global Bond by such amount as may be stated in such notice by endorsement in Schedule B hereto and a corresponding endorsement in Schedule A hereto of such nominal amount of Bonds formerly represented hereby as the nominal amount of Bonds in respect of which Direct Rights have arisen under Schedule A hereto. Upon each such notice being given the appropriate Direct Rights shall take effect.

No such election may however be made on or before an Exchange Date fixed in accordance with this Global Bond with respect to the Bonds to which the Exchange Date relates unless the holder elects in such notice that the exchange in question shall no longer take place.

Redemption at the Option of the Issuer

Any option of the Issuer provided for in the Conditions shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by the Conditions.

Tax Election Option of the Bondholders

The option of the Bondholders provided for in Condition 7.2(c) (*Redemption for Taxation Reasons*) may be exercised by the holder of this Global Bond giving notice to the Registrar within the time limits relating to the deposit of Bonds in Condition 7.2(c) (*Redemption for Taxation Reasons*) and substantially in the form of the Bondholders Tax Election Notice as set out in Schedule 7 to the Paying, Transfer and Conversion Agency Agreement. Such notice shall be obtainable from the specified office of any Paying, Transfer and Conversion Agent and shall state the number of Bonds in respect of which the option is exercised. Upon exercise of the option the holder of this Global Bond shall present this Global Bond to the Registrar for annotation in Schedule A hereto accordingly.

This Global Bond shall not be valid or become obligatory for any purpose until authenticated by or on behalf of the Registrar.

This Global Bond and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

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

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

- (i) The Issuer's corporate purpose, as set forth in its by-laws, is to exercise, directly or indirectly, in Italy and abroad, including through direct or indirect participation in companies, organisations or businesses, regulated activities in the field of transport, dispatch, distribution, regasification, and storage of hydrocarbons, and any other activity instrumental, ancillary or complementary to one or more of the activities mentioned above, including the production of hydrocarbons related to the storage thereof, storage of other gases, energy measurement, and management of organised gas markets, all in compliance with relevant concessions pursuant to law provisions.
- (ii) As at the date of issuance of the Bonds, the Issuer had paid-up share capital of €2,735,670,475.56, divided into no. 3,500,638,294 ordinary shares with no indication of nominal value and reserves as at 31 December 2015 of €2,318,366,328.40.
- (iii) The issue of the Bonds was duly authorised by a resolution of the Issuer dated 13 March 2017, which resolution has been filed with the Companies' Register of Milan on 15 March 2017.

In witness whereof this Global Bond is executed as a deed in London on 20 March 2017.

Snam S.p.A.

By:

Certificate of Authentication

This Global Bond is authenticated by or on behalf of the Registrar.

BNP PARIBAS SECURITIES SERVICES, LUXEMBOURG BRANCH

as Registrar

By:

Authorised Signatory

For the purposes of authentication only.

SCHEDULE A

DIRECT ENFORCEMENT RIGHTS

This Global Bond has effect as a deed poll conferring on Relevant Account Holders the Direct Rights referred to in this Schedule in respect of the principal amount of Bonds stated in paragraph 6 of this Schedule.

1 Interpretation

In this Schedule, terms are used with the same meanings as in the Global Bond and in addition:

Clearing System Operator means the operator of each of Euroclear and Clearstream, Luxembourg and, if relevant, the Alternative Clearing System;

Direct Rights means the rights referred to in paragraph 2 of this Schedule;

Entry means any entry relating to this Global Bond (or to the relevant part of it) or the Bonds represented by it which is or has been made in the securities account of any account holder with a Clearing System Operator and **Entries** shall have a corresponding meaning;

Principal Amount means, in respect of any Entry, the amount which would be due to the holder of the account in which such Entry is credited were the principal amount of this Global Bond or the Bonds represented by it in respect of which such Entry was made to be paid in full at its maturity;

Relevant Account Holder means the holder of any account with a Clearing System Operator which at the Relevant Time has credited to its securities account with such Clearing System Operator an Entry or Entries in respect of this Global Bond (or the relevant part of it) or the Bonds represented by it except for a Clearing System Operator in its capacity as an account holder of another Clearing System Operator; and

Relevant Time means the time when Direct Rights take effect as contemplated by this Global Bond.

2 Direct Rights

Each Relevant Account Holder shall at the Relevant Time acquire against the Issuer all rights which the Relevant Account Holder in question would have had if, immediately before the Relevant Time, it had been the holder of definitive registered Bonds issued on the issue date of this Global Bond in an aggregate principal amount equal to the Principal Amount of the relevant Entry including, without limitation, the right to receive all payments due at any time in respect of such Definitive Bonds, other than payments corresponding to any already made under this Global Bond. No further action shall be required on the part of any person in order for such Direct Rights to be acquired and for each Relevant Account Holder to have the benefit of, and to enforce, rights corresponding to all the provisions of relevant Definitive Bonds as if they had been issued and as if such provisions had been specifically incorporated in this Schedule, other than the right to receive payments corresponding to any already made under this Global Bond.

3 Evidence

The records of each Clearing System Operator shall, in the absence of manifest error, be conclusive evidence of the identity of the Relevant Account Holders, the number of Entries credited to the securities account of each Relevant Account Holder with such Clearing System Operator at the Relevant Time and the Principal Amount of an Entry. For the purposes of this clause a statement issued by a Clearing System Operator stating:

- 3.1 the name of the Relevant Account Holder to or in respect of which it is issued;
- 3.2 the number of Entries credited to the securities account of such Relevant Account Holder with such Clearing System Operator as at the opening of business on the first day on which the Clearing System Operator is open for business following the Relevant Time; and
- 3.3 the Principal Amount of any Entry in the accounts of such Clearing System Operator, shall be conclusive evidence of the records of such Clearing System Operator at the Relevant Time (but without prejudice to any other means of producing such records in evidence). In the event of a dispute, in the absence of manifest error, the determination of the Relevant Time by a Clearing System Operator shall be final and conclusive for all purposes in connection with the Relevant Account Holders with securities accounts with such Clearing System Operator.

Any Relevant Account Holder may, in any proceedings relating to this Global Bond, protect and enforce its rights arising out of this Schedule in respect of any Entry to which it is entitled upon the basis of a statement by a Clearing System Operator as provided in this clause and a copy of this Global Bond certified as being a true copy by a duly authorised officer of any Clearing System Operator or the Registrar without the need for production in such proceedings or in any court of the actual records or this Global Bond. Any such certification shall be binding, except in the case of manifest error or as may be ordered by any court of competent jurisdiction, upon the Issuer and all Relevant Account Holders. This clause shall not limit any right of any Relevant Account Holder to the production of the originals of such records or documents in evidence.

4 Title to Entries

Any Relevant Account Holder may protect and enforce its rights arising out of this Global Bond in respect of any Entry to which it is entitled in its own name without the necessity of using the name of or obtaining any authority from any predecessor in title. Any Relevant Account Holder is entitled to receive payment of the Principal Amount of its Entry and of all other sums referable to its Direct Rights to the exclusion of any other person and payment in full by the Issuer to such Relevant Account Holder shall discharge the Issuer from all obligations in respect of such Entry and such Direct Rights.

5 Governing Law

This Schedule and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

6 Principal Amount

The principal amount of Bonds in respect of which Direct Rights have arisen under this Global Bond is shown by the latest entry in the third column below:

Date	Amount of increase in principal amount of Bonds in respect of which Direct Rights have arisen	Running total of principal amount	Notation made by or on behalf of the Principal Paying, Transfer and Conversion Agent (other than in respect of initial principal amount)
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SCHEDULE B

PRINCIPAL AMOUNT OF THIS GLOBAL BOND

The aggregate principal amount of this Global Bond is as shown by the latest entry made by or on behalf of the Principal Paying, Transfer and Conversion Agent in the fourth column below. Reductions in the principal amount of this Global Bond following redemption or the purchase and cancellation of, or exercise of Settlement Rights or Conversion Rights in respect of, Bonds or the taking effect of Direct Rights are entered in the second and third columns below.

Date	Reason for change in the principal amount of this Global Bond	Amount of such change	Initial principal amount and principal amount of this Global Bond following such change	Notation made by or on behalf of the Principal Paying, Transfer and Conversion Agent (other than in respect of the initial principal amount)
20 March 2017	Not applicable	Not applicable	€400,000,000	Not applicable

SCHEDULE 3

REGULATIONS CONCERNING THE TRANSFER AND REGISTRATION OF BONDS

- 1 Each Bond shall be in the nominal amount of €100,000 (the **Authorised Denomination**).
- 2 The Bonds are transferable by execution of the form of transfer endorsed thereon under the hand of the transferor or, where the transferor is a corporation, under its common seal or under the hand of two of its officers duly authorised in writing. In this schedule **transferor** shall where the context permits or requires include joint transferors and be construed accordingly.
- 3 The Bond to be transferred must be delivered for registration to the specified office of the Registrar accompanied by such other evidence as the Registrar may reasonably require to prove the title of the transferor or his right to transfer the Bond and his identity and, if the form of transfer is executed by some other person on his behalf or in the case of the execution of a form of transfer on behalf of a corporation by its officers, the authority of that person or those persons to do so. The Registrar may seek similar evidence as to title and authority (where necessary) in respect of a Conversion Notice. The signature of the person effecting a transfer of a Bond shall conform to any list of duly authorised specimen signatures supplied by the registered holder or be certified by a recognised bank, notary public or in such other manner as the Registrar or the relevant Paying, Transfer and Conversion Agent may require.
- 4 The executors or administrators of a deceased holder of Bonds (not being one of several joint holders) and in the case of the death of one or more of joint holders the survivor or survivors of such joint holders shall be the only persons recognised by the Issuer as having any title to such Bonds.
- 5 Any person becoming entitled to Bonds in consequence of the death or bankruptcy of the holder of such Bonds may, upon producing such evidence that he holds the position in respect of which he proposes to act under this paragraph or of his title as the Issuer and the Registrar shall require (including legal opinions), be registered himself as the holder of such Bonds or, subject to the preceding paragraphs as to transfer, may transfer such Bonds. The Issuer and the Registrar may retain any amount payable upon the Bonds to which any person is so entitled until such person shall be so registered or shall duly transfer the Bonds.
- 6 Unless otherwise requested by him and agreed by the Issuer, the holder of Bonds shall be entitled to receive only one Bond in respect of his holding.
- 7 The joint holders of a Bond shall be entitled to one Bond only in respect of their joint holding which shall, except where they otherwise direct, be delivered to the joint holder whose name appears first in the register of the holders of Bonds in respect of the joint holding.
- 8 Neither the Issuer nor the Registrar shall, save in the case of the issue of replacement Bonds, make any charge to the holders for the registration of any holding of Bonds or any transfer of Bonds or for the issue of any Bonds or for the delivery of Bonds at the specified office of the Registrar or by uninsured post to the address specified by the holder. If any holder entitled to receive a Bond wishes to have it delivered to him otherwise than at the specified office of the Registrar, such delivery shall be made in accordance with the Conditions.

SCHEDULE 4

FORM OF SETTLEMENT NOTICE

Snam S.p.A.

€400,000,000

Equity-Linked Bonds due 2022

To: **Snam S.p.A. (the Issuer)**

[Where the Bonds in respect of which this Settlement Notice is given are evidenced by the Global Bond, this Notice need not be signed. In such a case, delivery of the Settlement Notice will constitute confirmation by the beneficial owner of interest in the Bonds that the information and the representations in the Settlement Notice are true and accurate on the date of delivery.]

Failure to properly and completely deliver this Settlement Notice (in the determination of the Paying, Transfer and Conversion Agent) may result in this Settlement Notice being treated as null and void. Once validly delivered, this Notice is irrevocable.

1 I/We, the undersigned, being the holder(s) of the Bonds/interests in the Global Bond specified below hereby irrevocably:

- (a) elect to request the Issuer to redeem such Bonds in accordance with the Conditions; and
- (b) agree to receive the Cash Alternative Amount no later than five (5) TARGET Business Days following the end of the applicable Cash Alternative Calculation Period as set out below.

Euroclear/Clearstream, Luxembourg Account No:.....

The total principal amount and, where applicable, certificate numbers of Bonds to which the Notice applies.

Bonds:.....

Global Bond:

Total principal amount (must be an Authorised Denomination, as defined in the Conditions):

Certificate numbers of Bonds, if in definitive form:

If necessary, the certificate numbers of Bonds can be attached separately.

2 I/We hereby request that:

Any cash payments payable on the exercise of the Settlement Right shall be made by credit transfer to the Euro account with a bank in a city in which banks have access to the TARGET System details of which as follows:

Account no:

Account name:.....

Bank:

Branch:

Sort Code:.....

IBAN no.:

Where the Settlement Right is exercised in respect of less than the entire aggregate principal amount of the Bonds represented by a definitive Bond, a certificate for the balance of the Bonds will be registered in the name of the Bondholder(s) exercising Settlement Rights and such certificate will be available for collection at the specified office of the Registrar (*) **OR** despatched at my/our own risk by ordinary mail (or, at my/our expense, by courier) to the person whose name and address is given below (*):

Name:

Address.....

.....

.....

(*) Delete as appropriate

N.B.

- (i) This Settlement Notice will be void unless the introductory details and Sections 1, 2 and 3 are completed.
- (ii) Your attention is drawn to Condition 6 (*Conversion and Settlement of Bonds*) of the Bonds with respect to the conditions relating to the exercise of the Settlement Right.
- (iii) If any retroactive adjustment of the Cash Alternative Amount is required in respect of a redemption of the Bonds, payments of the Additional Cash Amount will be made in the manner requested above.
- (iv) The exercise of the Settlement Right is subject to any applicable fiscal or other laws or regulations applicable in the jurisdiction where the office of the Agent to whom this notice is presented is located.
- (v) This Settlement Notice may be completed by or on behalf of an accountholder of any clearing system in which an interest in the relevant Bonds is held at such time which has an interest in such Global Bond.
- (vi) The holding of an interest in a Bond by an accountholder of any clearing system in which interests in the Global Bond is held and in respect of which this Settlement Notice is delivered will be confirmed by the Principal Paying, Transfer and Conversion Agent with the relevant clearing system.
- (vii) Terms used in this Settlement Notice and not otherwise defined have the meanings set forth in the Paying, Transfer and Conversion Agency Agreement dated 20 March 2017 between Snam S.p.A. and BNP Paribas Securities Services, Luxembourg Branch.

3 The relevant certificate in respect of Bonds to be redeemed are attached hereto (not necessary in the case of Bonds evidenced by Global Bonds).

Dated:

Name of Bondholder:

Signature:

4 Further, the undersigned represents, warrants and agrees that, at the time of signing of this Settlement Notice:

I/We hereby represent and warrant that the Bonds to which this Settlement Notice relates are free from all liens, charges, encumbrances or any other third party rights.

I/We hereby represent and warrant that I/we are in compliance with all applicable fiscal or other laws or regulations as provided in the Conditions.

I/We hereby irrevocably instruct and authorise the Principal Paying, Transfer and Conversion Agent by means of a power of attorney to execute all relevant instruments of title and serve transfer form(s) on my/our behalf in relation to the Bonds to which this Settlement Notice relates.

To be completed by the Principal Paying, Transfer and Conversion Agent and Calculation Agent

5 []

(A) Bond settlement identification reference: [] (*as per Clause 5.7 of the Paying, Transfer and Conversion Agency Agreement*)

(B) Date of delivery of Settlement Notice to Paying, Transfer and Conversion Agent:

(C) Latest date for receipt of the Cash Alternative Amount: (to be filled in by Paying, Transfer and Conversion Agent):

6 []

(A) Aggregate principal amount of Bonds deposited for redemption/represented by the Global Bond* being converted:

(B) Cash Alternative Amount:

N.B. The Principal Paying, Transfer and Conversion Agent and the Calculation Agent must complete items 5 and 6.

* Delete as appropriate.

Notes

1 A corporation should sign under hand by an authorised official who must state his/her capacity and print the name of the relevant corporation.

2 Where a Settlement Notice is delivered in respect of a definitive Bond, in circumstances where such Notice is in respect of less than the entire aggregate principal amount of the Bonds represented by the relevant certificate, a certificate for the balance of the Bonds will be registered in the name of the

Bondholder delivering such Notice and such certificate will be despatched as provided in the Conditions.

Address []

3 Name []

Address []

4 Name []

Address []

Dated: []

Signature: []

PRINT NAME(S)

[IN THE CASE OF ORDINARY SHARES TO BE DELIVERED IN UNCERTIFICATED FORM THROUGH MONTE TITOLI S.P.A.]

[I/We hereby request that:

the Ordinary Shares to be delivered in pursuance of this Conversion Notice to be credited to the Monte Titoli S.p.A. account, details of which are set out below.

Monte Titoli S.p.A. Participant ID:

Member Account ID:

Name:

Address:.....]

[I/We hereby request that any cash payment required to be made pursuant to Condition 6.9 of the Bonds be made by credit transfer to the Euro account with a bank in a city in which banks have access to the TARGET System, details in respect of which are given below:

Account no:

Account name:.....

Bank:

Branch:

Sort Code:.....

IBAN no:.....]

Where the Conversion Right is exercised in respect of less than the entire aggregate principal amount of the Bonds represented by a definitive Bond, a certificate for the balance of the Bonds will be registered in the name of the Bondholder exercising Conversion Rights and such certificate will be available for collection at the specified office of the Registrar (*) **OR** despatched at my/our own risk by ordinary mail (or, at my/our expense, by courier) to the person whose name and address is given below (*):

Name:

Address

.....

.....

(*) Delete as appropriate

N.B.

- (i) This Conversion Notice will be void unless the introductory details and Sections 1 and 2 are completed.
- (ii) Your attention is drawn to Condition 6 (*Conversion and Settlement of Bonds*) of the Bonds with respect to the conditions relating to the exercise of the Conversion Right.
- (iii) The exercise of a Conversion Right is subject to any applicable fiscal or other laws or regulations applicable in the jurisdiction where the office of the Agent to whom this notice is presented is located.
- (iv) This Conversion Notice may be completed by or on behalf of an accountholder of any clearing system in which an interest in the relevant Bonds is held at such time which has an interest in such Global Bond.
- (v) The holding of an interest in a Bond by an accountholder of any clearing system in which interests in the Global Bond is held and in respect of which Conversion Rights are being exercised will be confirmed by the Principal Paying, Transfer and Conversion Agent with the relevant clearing system.
- (vi) If a Retroactive Adjustment of the Conversion Price contemplated by the Conditions is required in respect of a conversion of the Bonds the Additional Ordinary Shares deliverable pursuant to such Retroactive Adjustment will be credited in the same manner as stated above.
- (vii) Terms used in this Conversion Notice and not otherwise defined have the meanings set forth in the Paying, Transfer and Conversion Agency Agreement dated 20 March 2017 between Snam S.p.A. and BNP Paribas Securities Services, Luxembourg Branch.

3 The relevant certificate in respect of Bonds to be converted are attached hereto (not necessary in the case of Bonds evidenced by Global Bonds).

Dated:

Name of Bondholder:

Signature:

4 Further, the undersigned represents, warrants and agrees that, at the time of signing of this Conversion Notice:

I/We hereby represent and warrant that the Bonds to which this Conversion Notice relates are free from all liens, charges, encumbrances or any other third party rights.

I/We hereby represent and warrant that I/we are in compliance with all applicable fiscal or other laws or regulations as provided in the Conditions.

I/We hereby represent and warrant that I/we have paid to the relevant authorities all taxes and capital, stamp, issue, registration and transfer taxes and duties (if any) arising on conversion in respect thereof required to be paid by me/us pursuant to the Conditions.

I/We or the person(s) who has/have a beneficial interest in the Bonds to which this Conversion Notice relates am/are/is not located in the United States (within the meaning of Regulation S (**Regulation S**) under the U.S. Securities Act of 1933) and I/we or such person(s) purchased the Bonds to which this Conversion Notice relates or a beneficial interest therein in a transaction made in accordance with Rule 903 of Regulation S.

I/We hereby irrevocably instruct and authorise the Principal Paying, Transfer and Conversion Agent by means of a power of attorney to execute all relevant instruments of title and serve transfer form(s) on my/our behalf in relation to the Bonds, to which this Conversion Notice relates.

To be completed by the Principal Paying, Transfer and Conversion Agent and Calculation Agent

5 []

- (A) Bond conversion identification reference: [] (*as per Clause 7.9 of the Paying, Transfer and Conversion Agency Agreement*)
- (B) Date of delivery of Conversion Notice to Paying and Conversion Agent.....
- (C) Conversion Date: (to be filled in by Paying and Conversion Agent):.....

6 []

- (A) Aggregate principal amount of Bonds deposited for conversion/represented by the Global Bond* being converted:
- (B) Conversion Price on Conversion Date:
- (C) Number of Ordinary Shares to be transferred and delivered: (disregard fractions)
- (D) Cash Alternative Amount (if applicable):

N.B. The Paying, Transfer and Conversion Agent and Calculation Agent must complete items 5 and 6.

* Delete as appropriate.

Notes

1 If it is desired to nominate a person or persons other than the holder of the Bond(s) specified above as the allottee(s) of Ordinary Shares transferred and delivered on conversion of such Bond(s) that

person or those persons must have consented to the Ordinary Shares being registered in its/their name(s).

- 2 A corporation should sign under hand by an authorised official who must state his/her capacity and print the name of the relevant corporation.
- 3 Where Conversion Rights are exercised in respect of a definitive Bond, in circumstances where Conversion Rights are exercised in respect of less than the entire aggregate principal amount of the Bonds represented by the relevant certificate, a certificate for the balance of the Bonds will be registered in the name of the Bondholder exercising Conversion Rights and such certificate will be despatched as provided in the Conditions.

SCHEDULE 6

FORM OF PUT EXERCISE NOTICE

Snam S.p.A.

€400,000,000

Equity-Linked Bonds due 2022

Name: Date:

Address:

Euroclear/Clearstream, Luxembourg Account No:

Telephone No.:

Fax No.:

By depositing this duly completed Notice with an Agent for the Bonds the undersigned holder** [of such of the Bonds as are presented with this Notice and referred to below/of a beneficial interest in such principal amount of the Global Bond as is referred to below] irrevocably exercises its option under Condition 7.3 (*Redemption at the Option of Bondholders following a Relevant Event*) of the Bonds.

- 1 This Notice relates to Bonds in the aggregate principal amount of €[]*
- 2 The identifying certificate numbers of such Bonds are as follows**:

.....
.....
.....
.....

Delivery of the Put Exercise Notice will constitute confirmation by the holder of interests in the Bonds that the information, the representations, directions and authorisations in this Put Exercise Notice are true and accurate on the date of delivery.

- 3 Payment Instructions

Please make payment in respect of the above Bonds by credit transfer to the Euro account with a bank in a city in which banks have access to the TARGET System, details in respect of which are given below:

Account no.:

Account name:

Bank:

Branch:

Sort Code:.....

IBAN no.:

Dated:

Signature:

PRINT NAME(S)

To be completed by the Paying, Transfer and Conversion Agent

Date of Delivery of Put Exercise Notice:

Put Date:

Notes:

- (1) This Put Exercise Notice is not valid unless all of the paragraphs requiring completion are duly completed.
- (2) The Paying, Transfer and Conversion Agent with whom Bonds are deposited will not in any circumstances be liable to the depositing Bondholder or any other person for any loss or damage arising from any act, default or omission of the Paying, Transfer and Conversion Agent in relation to such Bonds or any of them unless the loss or damage was caused by the fraud or gross negligence of the Paying, Transfer and Conversion Agent or its officers or employees.
- (3) Capitalised terms used but not defined herein have the meaning set forth in the Paying, Transfer and Conversion Agency Agreement, dated 20 March 2017 between the Issuer and BNP Paribas Securities Services, Luxembourg Branch as Principal Paying, Transfer and Conversion Agent and Registrar.

* must be an Authorised Denomination.

** not required for Bonds represented by Global Bond.

*** where the Bonds are represented by a Global Bond, this notice need not be signed. In such a case, delivery of this notice will constitute confirmation by the beneficial owner of the relevant Bonds that the information in this notice is true and accurate on the date of delivery.

Dated:

Signature***

Name:

[To be completed by recipient Agent]

Received by:

[Signature and stamp of Agent]

At its office at:

On:

SCHEDULE 7

FORM OF BONDHOLDERS TAX ELECTION NOTICE

Snam S.p.A.

€400,000,000

Equity-Linked Bonds due 2022 (the Bonds)

By depositing this duly completed Notice with a Paying, Transfer and Conversion Agent for the Bonds the undersigned holder of such of the Bonds as are presented with this Notice and referred to below/of a beneficial interest in such principal amount of the Global Bond as is referred to below irrevocably exercises its option under Condition 7.2(c) (*Redemption for Taxation Reasons*) of the Bonds.

1 This Notice relates to Bonds in the aggregate principal amount of EUR..... *

2 The identifying numbers of such Bonds are as follows**:

.....
.....
.....
.....

This Bondholders Tax Election Notice is not valid unless all of the paragraphs requiring completion are duly completed.

* must be an Authorised Denomination.

** not required for Bonds represented by the Global Bond.

*** where the Bonds are represented by the Global Bond, this notice need not be signed. In such a case, delivery of this notice will constitute confirmation by the beneficial owner of the relevant Bonds that the information in this notice is true and accurate on the date of delivery.

Dated:

Signature***

Name:

[To be completed by recipient Agent]

Received by:

[Signature and stamp of Agent]

At its office at:

On:

SCHEDULE 8

PROVISIONS FOR MEETINGS OF BONDHOLDERS

DEFINITIONS

1. The provisions of this Schedule 8 are subject to the provisions of Condition 14 (*Meetings of Bondholders and Modification*), to the extent applicable, the Issuer's by-laws (*statuto*) in force from time to time and in any event, to mandatory provisions of Italian law, including (without limitation) those set out in the Italian Financial Act (as defined below).
2. As used in this Schedule 8 the following expressions shall have the following meanings unless the context otherwise requires:

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

Clearing System means Euroclear and/or Clearstream, Luxembourg and includes in respect of any Bond any clearing system on behalf of which such Bond is held or which is the holder or (directly or through a nominee) registered owner of a Bond, in either case whether alone or jointly with any other Clearing System(s);

Eligible Voter means (if the Bonds are in definitive registered form which is not held in an account with any Clearing System) the holder of the relevant Bonds or (if the Bonds are represented by the Global Bond) the person in whose account with the Clearing Systems the interest in the relevant Bond is held as resulting from the records of the accountholder holding the Bonds (directly or indirectly) for such person in the relevant Clearing System at the close of business on the seventh clear Business Day prior to the date fixed for the relevant meeting of the Bondholders in accordance with Article 83-*sexies* of the Italian Financial Act;

Extraordinary Resolution means:

- (a) a resolution passed at a meeting of the Bondholders duly convened in accordance with this Schedule 8 and otherwise held in accordance with mandatory provisions of Italian law and with provisions of these presents; or
- (b) to the extent permitted by applicable provisions of Italian law (including, without limitation, the Italian Financial Act (as defined below)) and the Issuer's by-laws in force from time to time, a resolution in writing signed by or on behalf of all of the Bondholders, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Bondholders; or
- (c) to the extent permitted by applicable provisions of Italian law (including, without limitation, the Italian Financial Act (as defined below)) and the Issuer's by-laws in force from time to time, consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Principal Paying, Transfer and Conversion Agent) by or on behalf of all the Bondholders.

Italian Financial Act means Legislative Decree No. 58 of 24 February 1998, as amended from time to time;

Voting Certificate means, in relation to any meeting, a dated certificate in the English language (together with, if required by applicable Italian law, a translation thereof into Italian) issued either (A) by the relevant account holder in the relevant Clearing System or (B) by the Principal Paying, Transfer and Conversion Agent on behalf of the Clearing Systems on the instructions given to the Clearing Systems by or on behalf of an Eligible Voter or (C) (if the Bonds are in definitive registered form) by the Principal Paying, Transfer and Conversion Agent, and stating the name of (and document of identification to be provided by) the Eligible Voter, and in which it is stated that the person identified therein is entitled to attend and vote at the meeting;

- (a) **Voting Instruction** means, in relation to any meeting, a document in the English language issued by the Principal Paying, Transfer and Conversion Agent in respect of any Eligible Voter:
- (a) certifying that the Eligible Voter or a duly authorised person on its behalf has instructed the Principal Paying, Transfer and Conversion Agent that the votes attributable to such Bonds are to be cast in a particular way on each resolutions to be put to the meeting;
 - (b) listing the total number and (if in definitive registered form) the certificate numbers of the Bonds, distinguishing for each resolution between those in respect of which instructions have been given to vote for, or against, the resolution; and
 - (c) authorising the Proxy to vote in respect of the Bonds in accordance with such instructions;

Proxy means, in relation to any meeting, a person appointed to vote under a Voting Instruction other than:

- (a) any such person whose appointment has been revoked and in relation to whom the Principal Paying, Transfer and Conversion Agent has been notified in writing of such revocation by close of business of the second Business day before the time fixed for such meeting; or
- (b) any such person appointed to vote at a meeting which has been adjourned for want of a quorum and who has not been re-appointed, or was not originally appointed, to vote at the meeting when it is resumed; or
- (c) any such person who is, at the time of the relevant meeting or is appointed by, a director, statutory auditor (*sindaco*) or employee of the Issuer or any of its Subsidiaries.

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

The provisions of this Schedule 8 regarding, *inter alia*, Bondholders' meetings and the Bondholders' Representative shall be interpreted also in accordance with the mandatory provisions of Italian law applicable from time to time to the Issuer, to the extent such provisions differ from the contents of this Schedule 8.

EVIDENCE OF ENTITLEMENT TO ATTEND AND VOTE

3. The entitlement of any Eligible Voter to attend a meeting is subject to the notification stated under provisions contained in article 83-*sexies*, first paragraph, of the Italian Financial Act.

A holder of a Bond (whether in definitive registered form or represented by the Global Bond) may require the issue by the Principal Paying, Transfer and Conversion Agent of Voting Certificates and Voting Instructions in accordance with the terms of paragraph 5 below.

For the purposes of paragraph 4 below, the Principal Paying, Transfer and Conversion Agent and the Registrar shall be entitled to rely, without further enquiry, on any information or instructions received from a Clearing System and shall have no liability to any Bondholder or other person for any loss, damage, cost, claim or other liability occasioned by its acting in reliance thereon, nor for any failure by a Clearing System to deliver information or instructions to the Principal Paying, Transfer and Conversion Agent or the Registrar.

The holder of any Voting Certificate or the proxies named in any Voting Instruction shall for all purposes in connection with the relevant meeting be deemed to be the holder of the Bonds to which such Voting Certificate or Voting Instruction relates.

PROCEDURE FOR ISSUE OF VOTING CERTIFICATES, VOTING INSTRUCTIONS AND PROXIES

4. Any Eligible Voter may obtain a Voting Certificate or require the Principal Paying, Transfer and Conversion Agent to issue a Voting Instruction (i) not later than close of business two Business Days before the date fixed for the relevant meeting or (ii) not later than any different period before the date fixed for the relevant meeting, which may be set forth under any applicable law (including, without limitation, any applicable provision of the Italian Financial Act) by depositing such Bond with the Principal Paying, Transfer and Conversion Agent (if the Bonds are in definitive registered form) or by making appropriate arrangements with the Clearing Systems in accordance with their internal procedures (if the Bonds are represented by the Global Bond).

So long as a Voting Certificate or Voting Instruction is valid, the bearer thereof (in the case of a Voting Certificate) or any Proxy named therein (in the case of a Voting Instruction) shall be deemed to be the holder of the Bonds to which it relates for all purposes in connection with the meeting. A Voting Certificate and a Voting Instruction cannot be outstanding simultaneously in respect of the same Bond.

VALIDITY OF VOTING CERTIFICATES AND OF VOTING INSTRUCTIONS

5. Any Voting Certificates and Voting Instructions shall be valid only if deposited at the specified office of the Principal Paying, Transfer and Conversion Agent or at some other place approved by the Principal Paying, Transfer and Conversion Agent, at least by close of business of the second Business Day before the time fixed for the relevant meeting or the Chairman decides otherwise before the meeting proceeds to business.

Notwithstanding the above, any Voting Certificates and Voting Instructions shall be valid if notified to the Issuer by close of business of the second Business Day before the date fixed for the relevant meeting or at any time before the meeting in a manner considered acceptable by the Issuer, the relevant Clearing Systems or the Principal Paying, Transfer and Conversion Agent, as applicable.

If the Principal Paying, Transfer and Conversion Agent requires, a notarised copy of each Voting Instruction and of each Voting Certificate and satisfactory proof of the identity of each Proxy named in the Voting Instruction shall be produced at them, but the Principal Paying, Transfer and Conversion Agent shall not be obliged to investigate the validity of any Voting Instruction or of any Voting Certificate or the authority of any Proxy.

CONVENING OF MEETINGS, QUORUM AND ADJOURNED MEETINGS

6. Subject to mandatory provisions of Italian law, the directors of the Issuer or the Bondholders' Representative may at any time, and shall upon a requisition in writing signed by the holders of not less than one-twentieth of the principal amount of the Bonds for the time being outstanding, convene a meeting and if the directors of the Issuer or the Bondholders' Representative default in convening

such a meeting following such requisition the same shall be convened by the competent court in accordance with articles 2367, paragraph 2, of the Italian Civil Code. Whenever the directors of the Issuer are about to convene any such meeting the Issuer shall forthwith give notice in writing to the holders of the Bonds of the day, time and place thereof and of the nature of the business to be transacted thereat. Every such meeting shall be held at such place as provided pursuant to article 2363 of the Italian Civil Code.

7. At least 30 Clear Days' notice, or different term provided for by applicable mandatory Italian laws, specifying the place, day and hour of the meeting on a single call, shall be given to the Bondholders prior to any meeting in the manner provided by Condition 14 (*Meetings of Bondholders and Modification*) and in accordance with the provisions of Italian law (including, without limitation, the Italian Financial Act) and the Issuer's by-laws in force from time to time. Such notice, which shall be in the Italian language and in English translation, shall state generally the nature of the business to be transacted at the meeting thereby convened and shall either specify in such notice the terms of such resolution or state fully the effect on the Bondholders of such resolution, if passed. Such notice shall include statements as to the manner in which Bondholders may arrange for Voting Certificates or Voting Instructions to be issued and all other information required to be included in such notice pursuant to applicable laws and regulations. Notices of all meetings shall also be published and given in any other manner pursuant to the Issuer's by-laws and the law and regulations applicable from time to time. A copy of the notice shall be sent by registered post to the Issuer (unless the meeting is convened by the directors of the Issuer) and to the Bondholders' Representative (unless the meeting is convened by the Bondholders' Representative). Depending on the applicable provisions of Italian law and the Issuer's by-laws as applicable from time to time, meetings of the Bondholders may also be held as multiple call meetings.
8. Subject to mandatory provisions of Italian law, a person (who may but need not be a Bondholder) nominated pursuant to article 2371 of the Italian Civil Code or in writing by the Bondholders' Representative shall be entitled to take the chair at the relevant meeting, but if no such nomination is made or if at any meeting the person nominated shall not be present within 15 minutes after the time appointed for holding the meeting the Bondholders present shall choose by a majority vote one of their number to be Chairman.
9. In addition to the matters described in paragraph 18 below, meetings of the Bondholders may resolve (*inter alia*): (a) to appoint or revoke the appointment of the Bondholders' Representative ("*rappresentante comune*"); (b) to modify the Conditions (as provided below); (c) to approve motions for applicable insolvency procedures, as set forth in the bankruptcy laws of Italy; (d) to establish a fund for the expenses necessary for the protection of common interests of the Bondholders and related statements of account; and (e) to pass a resolution concerning any other matter of common interest to the Bondholders.

The constitution of meetings and the validity of resolutions thereof shall be governed pursuant to the Italian Civil Code and, as long as the Issuer has its shares listed on a regulated market in Italy or another EU member country, pursuant to the Italian Financial Act and the Issuer's by-laws in force from time to time. Italian law and the Issuer's by-laws currently provide that (subject as provided below) one or more persons present holding Bonds in definitive registered form or voting certificates or being proxies and holding or representing in the aggregate at least one-fifth of the principal amount of the Bonds for the time being outstanding or such other majority as may be provided for in the Issuer's by-laws shall form a quorum for the transaction of business and no business (other than the choosing of a Chairman) shall be transacted at any meeting unless the requisite quorum is present at the commencement of the relevant business.

The majority required at any such meeting for passing an Extraordinary Resolution shall (subject as provided below) be such number of votes as may be cast by one or more Eligible Voters present holding or representing at least three-fourths of the aggregate nominal amount of the Bonds

outstanding represented at the meeting, **PROVIDED THAT** at any meeting the business of which includes a modification to the Conditions of the Bonds as provided under Article 2415, first paragraph, number 2, of the Italian Civil Code, (including, for the avoidance of doubt, (a) any reduction or cancellation of the amount payable or, where applicable, modification, of the method of calculating the amount payable or modification of the date of maturity or redemption or, where applicable, of the method of calculating the date of payment in respect of any principal in respect of the Bonds or of the provisions relating to the status, and (b) any alteration of the currency in which payments under the Bonds are to be made or the denomination of the Bonds) or any of the following matters:

- (i) alteration of the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution;
- (ii) the sanctioning of any scheme or proposal or substitution as is described in paragraphs 19(f) below and 19(g) below; and
- (iii) alteration of this proviso,

(each of which shall only be capable of being effected after having been approved by Extraordinary Resolution) the quorum of the meetings and the majority required to pass the requisite Extraordinary Resolution shall be votes cast by one or more persons present holding Bonds in definitive registered form or voting certificates or being proxies and holding or representing in the aggregate not less than one-half of the principal amount of the Bonds for the time being outstanding as set out in the second sentence of the third paragraph of article 2415 of the Italian Civil Code referring to any resolution for the purpose of making a modification to the Conditions of the Bonds. Depending on the applicable provisions of Italian law and the Issuer's by-laws as applicable from time to time, different quorums may be applicable for holding meetings of Bondholders and passing Extraordinary Resolutions.

10. If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any such meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the meeting shall if convened upon the requisition of Bondholders be dissolved.

The provisions of this paragraph and the quorum included in sub-paragraph 7 above are subject, to the extent applicable, to the Issuer's by-laws in force from time to time.

CONDUCT OF BUSINESS AT MEETINGS

11. Every question submitted to a meeting shall be decided in the first instance by a show of hands. A poll may be demanded (before or on the declaration of the result of the show of hands) by the Chairman, the Issuer, the Bondholders' Representative or any Eligible Voter (whatever the amount of the Bonds so held or represented by him).
12. At any meeting, unless a poll is duly demanded, a declaration by the Chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
13. Subject to paragraph 14 below, if at any such meeting a poll is so demanded it shall be taken in such manner and, subject as hereinafter provided, either at once or after an adjournment as the Chairman directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent

the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded.

14. The Chairman may, with the consent of (and shall if directed by) any such meeting, adjourn the same from time to time and from place to place; but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.
15. Any poll demanded at any such meeting on the election of a Chairman or on any question of adjournment shall be taken at the meeting without adjournment.
16. The Bondholders' Representative, its lawyers and financial advisors and any director, statutory auditor or officer of the Issuer, its lawyers and financial advisors, any director or officer of any of the Principal Paying, Transfer and Conversion Agent, the Registrar, the Calculation Agent and any other person authorised so to do by the Bondholders' Representative may attend and speak at any meeting. Save as aforesaid, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting unless he is an Eligible Voter. No person shall be entitled to vote at any meeting in respect of Bonds which are deemed to be not outstanding by virtue of the proviso to the definition of "outstanding" in clause 1 of the Agency Agreement.
17. At any meeting:
 - (a) on a show of hands every Eligible Voter present shall have one vote; and
 - (b) on a poll every Eligible Voter present shall have one vote;

in each case in respect of each €1.00 (or, in the case of meetings of holders of Bonds denominated in another currency, such amount in such other currency as the Bondholders' Representative or, if none, the Principal Paying, Transfer and Conversion Agent in its absolute discretion may stipulate), in nominal amount of the Bonds held or represented by such Eligible Voter.

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

18. The proxies named in any Voting Instruction need not be Bondholders. Nothing herein shall prevent any of the proxies named in any Voting Instruction from being a director, officer or representative of or otherwise connected with the Issuer.
19. A meeting shall subject to the Conditions, in addition to the powers hereinbefore given, have the following powers, by Extraordinary Resolution (subject to the provisions relating to quorum and majorities contained in paragraph 8 above) namely:
 - (a) Power to sanction any compromise or arrangement proposed to be made between the Issuer, and the Bondholders or any of them.
 - (b) Power to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Bondholders or the Issuer against any other or others of them or against any of their property whether such rights arise under this Schedule 8, the Bonds or otherwise.
 - (c) Power to assent to any modification of the provisions of this Schedule 8 or the Conditions which is proposed by the Issuer, the Bondholders' Representative, the Calculation Agent, the Principal Paying, Transfer and Conversion Agent, the Registrar or any Bondholder.

- (d) Power to give any authority or sanction which under the provisions of this Schedule or the Bonds is required to be given by Extraordinary Resolution.
 - (e) Power to appoint any persons (whether Bondholders or not) as a committee or committees to represent the interests of the Bondholders and to confer upon such committee or committees any powers or discretions which the Bondholders could themselves exercise by Extraordinary Resolution.
 - (f) Power to sanction any scheme or proposal for the exchange or sale of the Bonds for or the conversion of the Bonds (other than in accordance with the Conditions of the Bonds) into or the cancellation of the Bonds in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash.
 - (g) Power to approve the substitution of any entity for the Issuer (or any previous substitute) as principal debtor under these presents save for a Solvent Reorganisation (as defined in the Conditions) of the Issuer adopted or implemented pursuant to any mandatory provisions of law.
20. Any resolution (i) passed at a meeting of the Bondholders duly convened and held, (ii) passed as a resolution in writing or (iii) passed by way of electronic consents given by Bondholders through the relevant Clearing System(s), in accordance with this Schedule shall be binding upon all the Bondholders whether or not present or whether or not represented at such meeting referred to in (i) above and whether or not voting and each of them shall be bound to give effect thereto accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof. Notice of the result of the voting on any resolution duly considered by the Bondholders shall be published in accordance with Condition 15 (*Notices*) by the Issuer within 14 days of such result being known, **PROVIDED THAT** the non-publication of such notice shall not invalidate such result.
21. Minutes of all resolutions and proceedings at every meeting shall be drawn up by a notary public, registered in the competent trade register and made and entered in books to be from time to time provided for that purpose by the Issuer and any such minutes as aforesaid, if purporting to be signed by the Chairman of the meeting at which such resolutions were passed or proceedings transacted, shall be conclusive evidence of the matters therein contained and, until the contrary is proved, every such meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings transacted thereat to have been duly passed or transacted.
22. All the provisions set out in this Schedule 8 are subject to compliance with the laws, legislation, rules and regulations of the Republic of Italy in force from time to time.
23. For the avoidance of doubt, any appointment in accordance with the Conditions and applicable Italian law of a Bondholders' Representative in respect of the Bonds shall also be effective without any further formality in respect of any further tranches of Bonds issued in accordance with Condition 16 (*Further Issues*).