



Impresa Pizzarotti & C. S.p.A.

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

€100,000,000

4.750 per cent. Notes due 5 August 2019

The issue price of the €100,000,00 4.750 per cent. Notes due 5 August 2019 (the "Notes") of Impresa Pizzarotti & C. S.p.A. (the "Issuer" or "Impresa Pizzarotti") is 98.489 per cent. of their principal amount.

Unless previously redeemed or cancelled, the Notes will be redeemed at their principal amount on 5 August 2019. The Notes are subject to redemption, in whole but not in part, at their principal amount, plus interest, if any, to the date fixed for redemption at the option of the Issuer at any time in the event of certain changes affecting taxation in the Republic of Italy. In addition, the holder of a Note may, by the exercise of the relevant option, require the Issuer to redeem such Note at its principal amount together with accrued and unpaid interest (if any) upon the occurrence of a Change of Control (as defined below). See "Terms and Conditions of the Notes — Redemption and Purchase".

The Notes will bear interest from 5 August 2014 (the "Issue Date") at the rate of 4.750 per cent. per annum payable annually in arrears on 5 August each year commencing on 5 August 2015. Payments on the Notes will be made in Euro without deduction for or on account of taxes imposed or levied by the Republic of Italy to the extent described under "Terms and Conditions of the Notes - Taxation".

The Notes will constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for certain mandatory exceptions of applicable law.

The prospectus (the "Prospectus") has been approved by the Central Bank of Ireland (the "Central Bank"), as competent authority under Directive 2003/71/EC, as amended (including by Directive 2010/73/EU, to the extent that such amendments have been implemented in a relevant member state of the European Economic Area) (the "Prospectus Directive"). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2004/39/EC or which are to be offered to the public in any member state of the European Economic Area. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the official list of the Irish Stock Exchange (the "Official List") and trading on its regulated market ("Main Securities Market"). The Main Securities Market is a regulated market for the purposes of Directive 2004/39/EC.

This Prospectus (together with the documents incorporated by reference herein) is available for viewing on the website of the Irish Stock Exchange (www.ise.ie).

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act") and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Sole Bookrunner (as defined in "Subscription and Sale") in accordance with Regulation S under the Securities Act ("Regulation S"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of certain restrictions on transfers of the Notes, see "Subscription and Sale".

Investing in the Notes involves risks. See "Risk Factors" beginning on page 1 of this Prospectus for a discussion of certain risks prospective investors should consider in connection with any investment in the Notes.

The Notes will be in bearer form in the denomination of €100,000 each and, for so long as the Notes are represented by a Global Note (as defined below) and Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg") (or other relevant clearing system) allow, in denominations of €1,000 in excess of €100,000, up to and including €199,000. The Notes will initially be in the form of a temporary global note (the "Temporary Global Note"), without interest coupons, which will be deposited on or around the Issue Date with a common safekeeper for Euroclear and Clearstream, Luxembourg. The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the "Permanent Global Note", and together with the Temporary Global Note, each a "Global Note"), without interest coupons, not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in principal amounts equal to €100,000 and integral multiples of €1,000 in excess thereof, each with interest coupons attached. No Notes in definitive form will be issued with a denomination of €1,000 below an amount of €100,000. See "Summary of Provisions Relating to the Notes in Global Form" and "Risk Factors – Minimum Denomination".

Sole Bookrunner

Goldman Sachs International

Prospectus dated 31 July 2014

IMPORTANT NOTICES

This document comprises a prospectus for the purposes of Article 5.3 of the Prospectus Directive and for the purpose of giving information with regard to the Issuer and its subsidiaries taken as a whole (the “**Group**” or the “**Pizzarotti Group**”) and the Notes which according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus, to the best of its knowledge, is in accordance with the facts and contains no omission likely to affect its import.

The Issuer has confirmed to Goldman Sachs International (the “**Sole Bookrunner**”) that this Prospectus contains or incorporates all information regarding the Issuer, the Group and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer or the Group are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

To the fullest extent permitted by law, the Sole Bookrunner, accepts no responsibility for the contents of this Prospectus or for any other statements made or purported to be made by the Sole Bookrunner or on its behalf in connection with the Issuer or issue and offering of any Note. The Sole Bookrunner disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Prospectus or any such statement.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Information Incorporated by Reference*”). This Prospectus should be read and construed on the basis that such documents are incorporated in and form part of this Prospectus.

Investors should rely only on the information contained in this Prospectus. The Issuer has not authorised anyone to provide investors with different information. The initial purchasers are not and the Issuer is not making any offer of the Notes in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this Prospectus is accurate as of any date other than the date on the cover of this Prospectus regardless of the time of delivery of this Prospectus or of any sale of the Notes.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Sole Bookrunner.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that the information contained herein concerning the Issuer and/or the Group is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the

date indicated in the document containing the same or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer and/or the Group since the date of this Prospectus.

Neither this Prospectus nor any other information supplied in connection with the offering, sale or delivery of any Note (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Sole Bookrunner that any recipient of this Prospectus or any other information supplied in connection thereto should purchase any Note. Each investor contemplating purchasing any Note should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Group. Neither this Prospectus nor any other information supplied in connection with the issue of the Note constitutes an offer or invitation by or on behalf of the Issuer or the Sole Bookrunner to any person to subscribe for or to purchase any Notes.

Each recipient of this Prospectus shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Group (as defined below) and of the rights attaching to the Notes.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Sole Bookrunner to inform themselves about and to observe any such restrictions. Neither the Issuer nor the Sole Bookrunner represents that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, nor do they assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Sole Bookrunner which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*".

In particular, the Notes have not been, and will not be, registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

In this Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area and references to "**€**", "**EUR**" or "**Euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended. References to "**billions**" are to thousands of millions.

This Prospectus is drawn up in the English language. In case there is any discrepancy between the English text and the Italian text, the English text stands approved for the purposes of approval under the Prospectus (Directive 2003/71/EC) Regulations 2005.

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In compliance with the requirements of the Irish Stock Exchange, this Prospectus is available on the website of the Irish Stock Exchange (www.ise.ie).

Stabilisation

In connection with the issue of the Notes, Goldman Sachs International (the “Stabilising Manager”) (or persons acting on behalf of the Stabilising Manager) may over allot Notes or effect transactions for a limited time with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail in the open market. However, there is no assurance that the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action, if commenced, may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, and must be brought to an end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

Forward-looking statements

This Prospectus may contain forward-looking statements, including (without limitation) statements identified by the use of terminology such as “aims”, “anticipates”, “believes”, “continues”, “could”, “estimates”, “expects”, “futures”, “helps”, “intends”, “may”, “plans”, “projects”, “should”, “shall”, “will”, “would” or the negative or other variations thereof as well as other statements regarding matters that are not historical facts. These statements are based on the Issuer’s current expectations and projections about future events and involve substantial uncertainties. All statements, other than statements of historical facts, contained herein regarding the Issuer’s strategy, goals, plans, future financial position, projected results, revenues and costs or prospects are forward-looking statements. Forward-looking statements are subject to inherent risks and uncertainties, some of which cannot be predicted or quantified. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors, also beyond the Issuer’s control, that could cause future events, actual results and developments to differ materially from those set forth in, contemplated by or underlying these forward-looking statements. The Issuer does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. As a result of these risks, uncertainties and assumptions, investors should not place undue reliance on these forward-looking statements as a prediction of actual results or otherwise.

CONTENTS

Section	Page
RISK FACTORS	- 1 -
INFORMATION INCORPORATED BY REFERENCE	- 27 -
TERMS AND CONDITIONS OF THE NOTES	- 28 -
SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM.....	- 45 -
USE OF PROCEEDS.....	- 47 -
DESCRIPTION OF THE ISSUER	- 48 -
REGULATORY FRAMEWORK	- 94 -
TAXATION	- 104 -
SUBSCRIPTION AND SALE.....	- 114 -
GENERAL INFORMATION	- 116 -

RISK FACTORS

The Issuer believes that the following risk factors may affect its ability to fulfil its obligations under the Notes. Most of these risk factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, risk factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

An investment in the Notes involves risks. The Issuer believes that the risk factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate based on information currently available to it. In addition, if any of the following risks, or any other risk not currently known, actually occur, the trading price of the Notes could decline and Noteholders may lose all or part of their investment.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus, including any document incorporated by reference herein, and reach their own views, based upon their own judgment and upon advice from such financial, legal and tax advisers as they have deemed necessary, prior to making any investment decision.

Words and expressions defined in “Terms and Conditions of the Notes” or elsewhere in this Prospectus have the same meaning in this section. References to a “Condition” is to such numbered condition in the Terms and Conditions of the Notes.

Risks relating to the Issuer and the Group

Factors that may affect the Issuer’s ability to fulfil its obligations under the Notes

Risks relating to the industries in which the Issuer and its subsidiaries operate

Risks related to the international financial crisis

The markets in which the Issuer operates are materially influenced by the general economic situation and its cycles and volatility. Normally, robust economic growth in those areas where the Issuer is located results in greater demand for the Issuer’s services, while slow economic growth or economic contraction adversely affects demand for the Issuer’s services. Since the second half of 2007, disruption in the global credit markets has created increasingly difficult conditions in the financial markets. These conditions have resulted in decreased liquidity and greater volatility in global financial markets, and continue to affect the functioning of financial markets and to impact the global economy. In Europe, despite measures taken by several governments, international and supranational organisations and monetary authorities to provide financial assistance to Eurozone countries in economic difficulty and to mitigate the possibility of default by certain European countries on their sovereign debt obligations, concerns persist regarding the debt and/or deficit burden of certain Eurozone countries, including the Republic of Italy, and their ability to meet future financial obligations, given the diverse economic and political circumstances in individual member states of the Eurozone. It remains difficult to predict the effect of these measures on the economy and on the financial system, how long the crisis will exist and to what extent the Issuer’s business, results of operations and financial condition may be adversely affected. As a result, the Issuer’s ability to access the capital and financial markets and to refinance debt to meet the financial

requirements of the Issuer may be adversely impacted and costs of financing may significantly increase. This could materially and adversely affect the business, results of operations and financial condition of the Issuer, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

Risk related to potential difficulties of the Issuer to raise the funds necessary to carry out its activities as a consequence of the current economic situation

The development of the Issuer's business depends on, among other things, the ability to fund investments and current business operations as well as on the ability to refinance existing indebtedness. The credit crisis that has affected the banking system and the financial markets and the subsequent worsening of macroeconomic conditions, including a global reduction in consumption and industrial production, has given rise to restricted conditions for accessing credit, reduced liquidity in the financial markets and severe volatility in stock and bond markets.

Limitations on the Issuer's ability to raise the funds necessary to carry out its activities on terms which are favourable or difficulties in obtaining financings on terms which are favourable could have an adverse effect on the Issuer's activities and economic and financial situation, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

Risk deriving from having contracts with a limited number of customers

As of 31 December 2013, approximately 83.0% of the Issuer's consolidated revenue was generated by agreements with its top ten clients, mainly public sector entities. Such concentration is customary in the industry in which the Issuer operates (see "*Description of the Issuer – Customer and Contracts*"). However, any loss of, or a significant reduction in, business from a significant client, or any variation, termination, delay, scope reduction or adjustment of any given project, could have an adverse effect on the Issuer's business, financial condition or results of operations, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

The Issuer is highly dependent on the investment policies of public authorities

Contracts with public sector customers, including direct contracts, joint ventures and public-private partnerships, represented, for the twelve-month period ended 31 December 2013, approximately 93.8% of the Issuer's consolidated revenue. As a result, the Issuer's activities are heavily dependent on governments' and local public authorities' programmes and funding policies with respect to investments in transport, civil and social infrastructures.

The Issuer relies on infrastructure development programmes currently planned and being undertaken by public sector entities in various markets to generate a significant amount of its business. For instance, the Issuer may start works on a specific government project but, due to the lack or revocation of government funding, the project may subsequently not be completed within the original time frame or at all. The Issuer's government clients are under no obligation to maintain funding at any specific level and funds for any programme may even be eliminated. Global economic instability and difficult and recessionary economic conditions in certain countries in which the Issuer operates, including Italy, which have resulted in a decline in tax revenue obtained by the Issuer's public sector entities customers at a time of rising public sector deficits, may result in the contraction of infrastructure spending and therefore in delay or suspension of projects already commenced or awarded. See "*Risks related to the international financial crisis*".

Future changes and/or reductions by these government clients in their plans or policies of infrastructure development, delay in the awarding of major projects or postponement of previously awarded projects could have a material adverse effect on the Issuer's business, financial condition

and results of operations, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

The Issuer's backlog and other estimated figures are not necessarily indicative of its future revenue or results of operations

The backlog described in other sections of this Prospectus (see "*Description of the Issuer*") includes projects for which contracts have been signed or awarded, depending on the characteristics of the tender process. If any one of these criteria is pending, the contract is recorded among the orders in pipeline.

In particular, with respect to construction activities, when the amount of expected revenue from a project is included in the backlog, the Issuer assumes that each party involved in the relevant projects will satisfy all of its respective obligations under the construction contract and that payments under the contract will be made to the Issuer on a timely basis. The backlog of the Issuer is further based on certain estimates and assumptions which are tailored to the specific features of each project, such as, *inter alia*: (i) the estimated amount of work to be completed and time needed for the completion; (ii) in the concession business, the undiscounted nominal value on the reference date of the forecasted revenue deriving from each relevant project; and (iii) the provisions of the relevant economic financial plan, where applicable. Moreover, for projects in which the Issuer acts jointly with other partners, the backlog only includes the scope of work of the Issuer and its part of economic interest and/or ownership in such projects.

Customers may have the right, upon payment of certain penalties or reimbursement of certain costs and damages or other consequences, to cancel, reduce or defer firm orders that the Issuer has in its backlog. If customers cancel, reduce or defer firm orders, the Issuer may be protected from certain costs and losses, but its revenue or results of operations would nevertheless be adversely affected. Further, it cannot be assured that the Issuer will be able to secure contracts equivalent in scope and duration to replace the current backlog or that the current backlog will perform as expected.

The Issuer believes that the backlog is an indicator of the growth of its construction and concessions businesses and provides useful trend information and visibility on its financial results. However, since backlog figures are subject to substantial fluctuations, backlog is not necessarily indicative of the Issuer's expected revenue, cash flows or results of operations. Unforeseen events or circumstances, including, for example, termination, delay, scope reduction or adjustments, increased time requirements to complete the work, delays in commencing work, disruption of work, irrecoverable cost overruns or other unforeseen events may affect projects comprising the backlog and could have a material adverse effect on the Issuer's business, financial condition and results of operations, with a consequent adverse effect on its ability to meet its obligations under the Notes.

Moreover, other estimated figures contained in the section "*Description of the Issuer*" such as the contract values of the projects, the total expected revenues from a project and the expected dividends from participated subsidiaries are based on a number of circumstances and assumptions, including, *inter alia*, the contractual arrangements of the Group with the other project partners, the Group's economic share in the projects, the terms and duration of the relevant concessions and economic financial plans (where applicable), the compliance by the Group's counterparties with their obligations under the contractual arrangements with the Group, and, as regards the real estate business segment, expected trends of the real estate market, contractual arrangements already in place for the construction and/or for the disposal of the assets upon completion. Accordingly, such figures are not necessarily a reliable indicator of the Group's expected revenue, cash flows or

results of operations. Unforeseen events or circumstances, including, for example, termination, delay, scope reduction or adjustments, increased time requirements to complete the work, delays in commencing work, disruption of work, irrecoverable cost overruns or other unforeseen events may affect projects to which these figures relate and could have a material adverse effect on the Issuer's business, financial condition and results of operations, with a consequent adverse effect on its ability to meet its obligations under the Notes.

The ability of the Issuer to successfully execute its business strategy is not assured

The business strategy of the Issuer is based on a series of projections and estimates relating to the occurrence of future events, which may or may not take place, and includes operational and organisational initiatives and decisions that the issuer's management will undertake during the period covered by the business plan. The main assumptions include forecasts concerning the Issuer's high self-financing capacity mainly through cash flow from construction projects and, if necessary or appropriate, the sale of mature concession assets.

The ability of the Issuer to implement its strategy successfully is also dependent upon a number of business, economic and competitive uncertainties and other factors that are outside its control, and such strategy is based upon a number of assumptions that may prove to be inaccurate. The Issuer cannot provide assurance that the assumptions underlying its business strategy are correct, and any inaccurate assumption may result in variations of the strategy that may limit the Issuer's ability to achieve the envisaged goals. In addition, the Issuer is unable to provide any assurance that: (i) its actions will generate the expected positive economic results; (ii) its business strategy can be successfully implemented by the management; and (iii) it will be able to achieve the revenue and profit targets set out in the strategy within the expected time frame.

Should the Issuer's results differ significantly from those expected based on its strategies and business plan, this could have a material adverse effect on the Issuer's business, financial condition or results of operations, with a consequent adverse effect on its ability to meet its obligations under the Notes. Accordingly, the Issuer's strategy should not be relied upon in any way by any investor in making an investment decision with respect to the Notes.

The Issuer relies on business partners to perform under its contracts

In the course of its business, the Issuer often operates through partnerships, joint ventures and consortia. The Issuer therefore relies on its partners to fulfil their obligations towards the Issuer and/or its clients. However, such partners may also be unable or unwilling to provide the required levels of financial support they have pledged to the partnerships. If these circumstances occur, the Issuer may be required to pay financial penalties or liquidated damages, provide additional services, or make additional investments to ensure adequate performance and delivery of the contracted services. Some of the Issuer's customers require the issuance of guarantees by the parent company of the entity being awarded the relevant contract. These guarantees could be enforced against the Issuer, in its capacity as parent company, in the event of a contractual breach by the company being awarded the contract. Accordingly, in the event of a contractual breach by the Issuer's subsidiaries, the relevant guarantees provided by the Issuer may be enforced and this could have a material adverse effect on the Issuer's business, financial condition and results of operations, with a consequent adverse effect on its ability to meet its obligations under the Notes.

As is customary in the Issuer's industry and as is required in the tender process, most of the agreements entered into by the Issuer provide for joint and several liability among the partners. If there is a breach of an agreement by one of the Issuer's partners, the Issuer could be held liable for their obligations in the event of their failure to perform as required. The Issuer may also be

dependent on the expertise of its partners in assessing costs for certain contracts. Should such partners provide inaccurate advice, the Issuer may be unable to perform the obligations under the contract or may be subject to unexpected increased costs. Further, any disagreements as to the terms or procedures or management of any project may determine the inability to complete the development of certain projects on time.

Failure by the Issuer's partners to carry out their obligations under the relevant agreements, including failure to comply with applicable laws, regulations or client requirements, could lead to disputes and litigation with such partners or clients, all of which could have a material adverse effect on the Issuer's reputation, business, financial condition and results of operations. In addition, if any such failure arises with respect to government clients, it could result in fines, penalties, suspension or even debarment imposed on the Issuer, which could have a material adverse effect on the Issuer's business, financial condition and results of operations, with a consequent adverse effect on its ability to meet its obligations under the Notes.

The Issuer depends on subcontractors, suppliers and other third parties for the operations of its businesses

Much of the work performed under the contracts of the Issuer is performed by third-party subcontractors. The Issuer also relies on third-party manufacturers and suppliers to provide much of the equipment and raw materials, respectively, used for the projects. If the Issuer is unable to find reliable suppliers or hire qualified subcontractors, the Issuer's ability to successfully complete its projects could be impaired. Furthermore, if a subcontractor, in each case, fails to provide timely or adequate services, or a supplier fails to provide equipment or raw materials, in each case, as required under a contract for any reason, the Issuer may be required to source such services, equipment or raw materials at a higher price than anticipated, which could negatively impact the Issuer's profitability, as there can also be no assurance that the Issuer will be able to pass on any or all of such increased costs to the customers. Although contracts with subcontractors and suppliers generally provide for indemnification to cover their failure to perform their obligations satisfactorily, such indemnification may not fully cover all financial losses suffered by the Issuer in attempting to mitigate their failures and fulfil the relevant contract with the customer. Furthermore, delivery by suppliers of faulty equipment or raw materials could also negatively impact the overall project, resulting in claims against the Issuer for failure to meet required project specifications and the Issuer may be unable to successfully obtain compensation from its suppliers. These risks are compounded during the current economic downturn as suppliers and subcontractors may experience financial difficulties or find it difficult to obtain sufficient financing to fund their shipments or operations, respectively, and therefore may not be able to provide the Issuer with the contracted supplies or services for its projects. In addition, in the case of government contracts, a failure by supplier or subcontractor to comply with applicable laws, rules or regulations could result in the Issuer facing fines, penalties, suspension or even debarment by the relevant governmental authority. Any such failures by a third-party subcontractor or supplier could have a material adverse effect on the Issuer's business, financial condition and results of operations, with a consequent adverse effect on its ability to meet its obligations under the Notes.

Risks related to events beyond the Issuer's control which may affect the estimated timing and costs of the projects

Part of the Issuer's activities is carried out on the basis of contracts where the contract price is set on the date a bid is awarded and cannot be subsequently altered, except in limited circumstances. For these contracts, the Issuer bears the risk of paying some, if not all, of any cost overruns. Pricing on these contracts is established in part on cost and scheduling estimates that are based on a

number of assumptions, including those about future economic conditions, prices, the availability of labour, equipment and materials, and other exigencies. All prospective bids, both in Domestic and international market, undergo a risk classification procedure (see “*Description of the Issuer – Project Phases – Selection*”). If estimates obtained through such procedure prove to be inaccurate, if there are errors or ambiguities as to contract specifications, or if circumstances change due to, among other things, unanticipated technical problems (including, among other things, unexpected or unpredictable hydrogeological conditions), difficulties in obtaining permits or approvals, changes in local laws or labour conditions, or weather delays, the contractual cost-adjustment provisions may not be sufficient to protect the Issuer and, as a consequence, cost overruns may occur and the Issuer could experience reduced profits or, in some cases, a loss for that project. In addition, if the amount the Issuer is required to pay for subcontractors or equipment and supplies exceeds what the Issuer has estimated, especially in a fixed-price contract, the Issuer may suffer losses on these contracts.

With respect to investments in public-private partnerships concessions, the Issuer may be exposed, to the extent not mitigated by specific instruments, to the risk that inflation will reduce profitability in circumstances where the ongoing costs increase by inflation at a higher rate than revenue increases. If the project is significant, or there are one or more issues that impact multiple projects, cost overruns could have a material adverse impact on the Issuer’s business, financial condition and results of operations, with a consequent adverse effect on its ability to meet its obligations under the Notes.

Risks related to fluctuations in the price and problems with the supply of raw materials

The primary raw materials the Issuer uses in its projects are stone and sand aggregate, bitumen, cement, reinforcing bars, steel, stainless steel, iron and copper. The suppliers of raw materials vary in each market in which the Issuer operates due to the market-specific requirements of each project. Although the Issuer includes raw material cost estimates in its tender estimates, raw material costs are subject to price fluctuations. In addition, the supply of essential raw materials may be delayed or interrupted due to factors beyond the Issuer’s control, which could result in project delays and increased costs if alternative suppliers are unable to provide replacement raw materials at competitive prices or at all. Moreover, the Issuer may be unable to pass on any or all of the increased raw material costs to customers. Such price fluctuations or supply interruptions could have a material adverse effect on the Issuer’s business, financial condition and results of operations, with a consequent adverse effect on its ability to meet its obligations under the Notes.

Risks related to counterparty risks

Certain of the Issuer’s customers, either in the private or in the public sector, may become insolvent or default under their contracts, or have or may become significantly late in performing under their payment obligations, especially in the context of the current economic downturn. In case of default in payment obligations, the Issuer may be unable to collect any receivables, in which case some or all of such outstanding amounts would need to be written off and alternative sources of funding for the Issuer’s working capital requirements would need to be sought. In case of a delay in a customer’s payment obligation, the Issuer may be exposed to the risk of bearing in advance the costs and amounts necessary to complete the projects. Furthermore, should a counterparty become insolvent or otherwise unable to meet its obligations in connection with a particular project, the Issuer would need to find a replacement to carry out that party’s obligations or, alternatively, fulfil the obligations itself, which could increase costs and cause delays. In addition, should a financial counterparty default occur under contracts such as bank facilities, the Issuer would need to replace such facilities, thereby incurring additional costs. Accordingly, any such insolvency, default or delay

in payment from customers, project counterparties and/or financial counterparties of the Issuer could have a material adverse effect on the Issuer's business, financial condition and results of operations, with a consequent adverse effect on its ability to meet its obligations under the Notes.

Risks related to the quantification and cashing of claims

Due to the nature of its business, the Issuer is often required to bring claims against its clients for additional costs exceeding the contract price or for amounts not included in the original contract price. These types of claims can often occur due to matters such as delays caused by the owners/grantors or changes from the initial project scope, which result in additional cost, both direct and indirect. From time to time, these claims can be the subject of lengthy and costly arbitration or litigation proceedings, and it is often difficult to accurately predict when these claims will be fully resolved. When these types of events occur and unresolved claims are pending, the Issuer may incur financial charges pending the resolution of the relevant claims. Although any favourable court decision would also likely lead to the full or partial reimbursement of interest as financial charges, a failure to promptly recover on these types of claims or to recover the full amount expected could have a material adverse effect on the Issuer's business, financial condition and results of operations, with a consequent adverse effect on its ability to meet its obligations under the Notes.

Risks related to legal proceedings

As customary in the industry in which the Issuer operates, the Issuer is involved in various civil, administrative, tax and arbitration proceedings in the ordinary course of its business, both as plaintiff or as defendant, in Italy and abroad.

In addition, Mr Paolo Pizzarotti, Chairman of the Issuer, and Mr Aldo Buttini, Managing Director of the Issuer, are currently involved in a criminal proceeding relating to the award of the construction and management concession for the project "*Cittadella della Carta e del Cinema*", located on the site of the former hospital in Parma. In particular, Mr Pizzarotti and Mr Buttini are charged by the Public Prosecutor with "complicity" (*concorso esterno*) in the crime of abuse of office (*abuso di ufficio*) allegedly committed by certain public officials involved in the bidding and awarding process for the project (for more information, see "*Description of the Issuer – Legal Proceedings – Criminal proceeding involving Mr Paolo Pizzarotti and Mr Aldo Buttini*").

While it is not feasible to predict or determine the ultimate outcome of these proceedings, whenever there are circumstances that give rise to well-founded expectations by third parties that the Issuer is responsible for or have to take on responsibility *vis-à-vis* the fulfilment of any obligation, the Issuer has made consistent allocations to risk provisions, recognised in liabilities in its consolidated financial statements. As of 31 December 2013, the provisions for risks and charges in the Issuer's consolidated financial statements were equal to approximately Euro 23.3 million.

However, the estimates made by the Issuer in connection with legal proceedings are based on expectations, beliefs and assumptions on future developments that are subject to inherent uncertainties. Accordingly, the results of pending or future legal proceedings are inherently difficult to predict, and the Issuer can provide no assurance that it will not incur losses in connection with current or future legal or regulatory proceedings (including tax audits) or actions that exceed any provision the Issuer may or may have set aside in respect of such proceedings or actions or that exceed any insurance coverage available. Accordingly, in the event that the provisions relating to litigation are inadequate, any losses or expenditures exceeding such limited coverage could have a material adverse effect on the Issuer's business, financial condition and results of operations, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

For more information on the legal proceedings involving the Issuer, see “*Description of the Issuer – Legal Proceedings*”.

Risks related to the Issuer’s international operations

The Issuer conducts its business in various countries. Its operations are therefore subject to many of the risks inherent in conducting business in numerous jurisdictions, including, among others:

- recessionary trends, inflation or instability of financial markets;
- differences and unexpected changes in regulatory environments, including environmental, product safety, local planning, zoning and labour laws, rules and regulations;
- exposure to different legal and regulatory standards (including standards of care and the prospect of damages under tort rules), enforcement mechanisms and the cost of compliance with those standards;
- lack of developed legal systems to enforce contractual rights;
- longer payment terms for debtors and difficulties of collecting accounts receivable;
- tariffs, duties, export controls, import restrictions and other trade barriers;
- labour unrest;
- litigation, regulatory and administrative proceedings, including proceedings that could take years to be resolved;
- higher interest rates;
- the seizure of property by nationalisation or expropriation without fair compensation;
- significant devaluation of financial assets;
- foreign exchange controls and restrictions on repatriation of funds;
- increased risk of public sector corruption;
- embargoes;
- acts of war, civil unrest, force majeure and terrorism; and
- political and social instability.

The occurrence or the deterioration of any of the foregoing circumstances or situations, could have a material adverse effect on the Issuer’s business, financial condition and results of operations, with a consequent adverse effect on the Issuer’s ability to meet its obligations under the Notes.

Risks related to force majeure or other unpredictable events which could prevent the Issuer from completing and/or operating its projects

The occurrence of a force majeure or other unpredictable event that affects a project on which the Issuer is involved may cause delays, suspensions and cancellations or otherwise prevent the Issuer from completing and/or operating such project. Although the Issuer typically accounts for these events both in the contractual terms with its customers and through insurance policies, the occurrence of a force majeure event could have a material adverse effect on the Issuer’s business, financial condition and results of operations, with a consequent adverse effect on the Issuer’s ability to meet its obligations under the Notes.

Risks related to the occurrence of uninsured losses or material losses in excess of insurance coverage

The insurance policies of the Issuer are subject to limits and exclusions. There can be no assurance that the insurance programme of the Issuer would be sufficient to cover all potential losses (including those resulting from earthquakes, floods, hurricanes, environmental hazards or terrorist acts), that the Issuer will be able to obtain sufficient levels of insurance coverage in the future or that such coverage will be available on terms acceptable to the Issuer. In addition, recent turmoil and volatility in the global financial markets may adversely affect the insurance market. This may result in some of the insurers in the Issuer's insurance portfolio failing and being unable to pay their share of claims.

In addition, there may be no protection against the risk that customers will fail to pay in full or on time. If the Issuer suffers an uninsured or underinsured loss, its business, financial condition and results of operations could be materially affected, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

Risks related to the extensive legal, administrative and regulatory requirements to which the Issuer is subject and to changes in regulations

In each of the jurisdictions in which the Issuer operates, the Issuer is subject to a number of specific, demanding and evolving legal, administrative and regulatory requirements with respect to, among other matters, public tenders, planning, building construction, land use, fire, health and safety, environment and employment.

National and local laws and regulations governing such matters are often complex and fragmentary and the Issuer generally uses local counsel and consultants to develop and improve its understanding of the legal system of the countries in which it operates. The application of such laws and regulations and their interpretation by the relevant authorities is sometimes unpredictable and inconsistent. Any failure by the Issuer to comply with, or any changes of, applicable laws, regulations and rules or any interpretation thereof, could result in delays or may increase the cost of ongoing projects or expose the Issuer to penalties, fines, criminal prosecutions, civil claims or other unforeseen costs. Difficulties and uncertainties in the application of such laws and regulations may give rise to litigation which may have a material adverse effect on the Issuer's business, financial condition and results of operations, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

Compliance with these numerous statutory and regulatory provisions requires significant effort and expense. In the case of significant regulatory changes (including tax amendments) affecting the concessionaires in which the Issuer holds a stake, there may be, in certain circumstances, a right to adjust the terms of the concession or to negotiate changes with the competent administration in order to re-establish the economic and financial balance between the parties. The Issuer cannot assure that an adjustment will be possible in all cases, that any such adjustment would be satisfactory for the concessionaires or that it would be carried out in a reasonable time period. If these adjustments are not possible, do not provide sufficient income or are delayed, the Issuer's business, financial condition and results of operations may be materially adversely affected, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

Similarly the provisions of Legislative Decree No. 231/2001 (as defined under "*Regulation*") may also affect the Issuer's business, financial condition and results of operations. See "*Regulation*".

Risk related to third-party violations of anti-corruption laws, sanctions or other similar regulations applicable in the countries in which the Issuer operates or intends to operate

As a result of doing business internationally, the Issuer, its partners and competitors must comply with certain anti-corruption laws, sanctions or other similar regulations. However, some of the jurisdictions in which the Issuer operates or intends to operate lack a developed legal system and therefore, have high levels of corruption. Moreover, the Issuer's expansion, development of joint venture relationships with local contractors and the use of local agents increases the risk of being exposed to violations of such anti-corruption regulations by local partners or agents of the Issuer. If any such violations are made, the Issuer may be liable for civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts, termination of existing contracts, revocations or restrictions of licenses, criminal fines or imprisonment. In addition, such violations could also negatively impact the Issuer's reputation and consequently, its ability to win future business. On the other hand, any such violation by the Issuer's competitors, if undetected, could give them an unfair advantage when bidding for contracts. The consequences that the Issuer may suffer due to the foregoing could have a material adverse effect on the Issuer's business, financial condition and results of operations, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

Risks related to the fact that the Issuer must dedicate time and financial resources, which may be unrecoverable, to complex competitive bidding procedures with uncertain outcomes

Most of the Issuer's projects are subject to competitive bidding. Therefore, the business of the Issuer largely depends on its ability to secure key projects, and the competition to secure relevant contracts can be intense. To secure these contracts, the Issuer must make a significant commitment of resources, in terms of workforce, management time and operational and financial resources, as well as commit to bidding in a complex and competitive bidding process with lengthy award procedures. It is generally very difficult to predict if and when the Issuer will be awarded such contracts, due to the complexity of the bidding and selection process and to the fact that such process is affected by a number of factors, such as market conditions, financing, commodity prices, environmental conditions and government policies. If after the competitive bidding process the Issuer does not succeed in winning a contract for a new project, the bidding costs incurred would not be recoverable and the Issuer could fail to increase or even maintain its volume of order intake, net sales and net income, which may have a material adverse effect on the Issuer's business, financial condition and results of operations, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

Risks related to the potential failure of the Issuer to successfully maintain health, safety and environmental policies and procedures

The Issuer is involved in significant and complex projects that require constant monitoring and management of health, safety and environmental risks, both during the construction and the operational phases.

While the Issuer has adopted health, safety and environmental policies and procedures in order to minimise such risks, there can be no assurance that a failure in such policies and procedures will not occur. Any failure in health and safety practices or environmental risk management procedures that results in serious harm to employees, subcontractors, the public or the environment could expose the Issuer to investigations, prosecutions and/or civil litigation, each of which could determine an increase in costs for fines, settlements and management time. Such a failure could also adversely affect the Issuer's reputation and ability to obtain new business. If any of the

foregoing circumstances were to occur, this could have a material adverse effect on the Issuer's business, financial condition and results of operations, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

Risks related to fluctuations in currency exchange rates

As of 31 December 2013, the activities of the Issuer in countries outside the Eurozone accounted for approximately 16.4% of the Issuer's consolidated revenue. The Issuer's activities are therefore exposed, to a certain extent, to foreign currency exchange risks. Sharp fluctuations in exchange rates in the short to medium-term may cause an increase in costs, which could have an adverse effect on the Issuer's business, financial condition and results of operations, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

The Issuer has international operations, and as a result, faces complex tax issues and could be obligated to pay additional taxes in various jurisdictions

Part of the Issuer's business is carried out internationally and, as a result, the Issuer is subject to different tax regimes and the application of different rules related to taxation. Applicable taxes, including VAT and social security taxes for which the Issuer makes provisions, could increase significantly as a result of changes in applicable tax laws in the countries in which the Issuer operates and the interpretation of these rules by local tax authorities or as a result of tax audits performed by local tax authorities. The impact of these factors is dependent on the types of revenue and mix of profit the Issuer generates in such countries. Any such increase in applicable taxes could have an adverse effect on the Issuer's business, financial condition and results of operations, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes. There may also be unforeseen costs and expenses linked to tax-related matters which may have an unfavourable impact on the Issuer. As a result and given the inherent unpredictable nature of taxation, there can be no assurance that the Issuer's estimated long-term tax rate will remain at current levels or that cash flows regarding taxes will be stable.

The business of the Issuer depends on certain key persons and the loss of such persons may impact the business of the Issuer and its ability to implement current and future strategies

The Issuer relies on an experienced and qualified management and technical team. Any inability to attract and hire new qualified personnel or to retain experienced management and technical staff could limit or delay the business development efforts of the Issuer. In addition, if certain key members of the senior management or technical staff of the Issuer were to terminate their relationships with the Issuer and the Issuer were not able to find a suitable replacement in a timely manner, the Issuer's business, financial condition and results of operations could be adversely affected, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

Risk related to the fact that the Notes will be structurally subordinated to the liabilities of the Issuer's subsidiaries

The operations of the Group are to a significant extent conducted through the Issuer's subsidiaries, project companies and joint ventures held through minority investments. Accordingly, the Issuer is and will be dependent on the cash flows of its subsidiaries, project companies and joint ventures and their ability to distribute cash in the form of dividends, fees, interest, loans or otherwise to the Issuer to service its payment obligations in respect of the Notes. None of the Issuer's subsidiaries will guarantee the Notes. For the financial year ended 31 December 2013, the Issuer's subsidiaries

recorded a revenue of Euro 347.0 million, representing 29.9% of the Group's consolidated revenue for the same period.

The Issuer's subsidiaries, project companies and joint ventures held through minority interests will not have any obligations to pay amounts due under the Notes or to make funds available for that purpose. Generally, holders of indebtedness of, and trade creditors of, the Issuer's subsidiaries, project companies and joint ventures held through minority investments, including trade creditors and creditors of project debt and lenders under bank financing agreements, are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer, as a direct or indirect shareholder, and the creditors of the Issuer (including the holders of the Notes) will have no right to proceed against the assets of such subsidiary. As such, in the event that any subsidiary, project companies and joint ventures held through minority investments becomes subject to any foreclosure, dissolution, winding-up, liquidation, recapitalisation, administrative or other bankruptcy or insolvency proceeding:

- (i) creditors of the Issuer (including the holders of the Notes) will have no right to proceed against the assets of such subsidiary, project companies and joint ventures held through minority investments; and
- (ii) creditors of such subsidiary, project company or joint venture held through minority interests, including trade creditors, will generally be entitled to payment in full from the sale or other disposal of the assets of such entity before the Issuer or any future guarantor, as direct or indirect shareholder, will be entitled to receive any distributions from such entity.

Risks related to the construction business of the Issuer

The Issuer's results of operations are affected by the cyclical nature of the construction industry

The construction industry is cyclical by nature and largely dependent on investments undertaken by both the public and private sectors. The level of investment by the public and private sectors is in turn connected to general economic conditions. Investment generally increases in times of economic growth and decreases during a recession. After several years of very favourable conditions for construction in nearly all the countries in which the Issuer operates, the situation has considerably worsened over the last few years, and the Issuer cannot be sure of a favourable change in investment levels in the coming years. Although the Issuer adopts business and geographical diversification strategies (see "*Description of the Issuer – Strategy*") also aimed at reducing risks related to downturns of the economy, if conditions continue to limit investment by the public and private construction sectors, the Issuer's business, financial condition and operating results may be adversely affected, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

Risks related to potential failure by the Issuer to meet contractual deadlines and quality or quantity benchmarks

The construction industry is highly schedule-driven, and failure to meet contractual deadlines and, in some projects, the contractual quantity and quality benchmarks, may adversely affect the financial success of the Issuer. A substantial number of the contractual arrangements of the Issuer are subject to specific completion schedule requirements and/or quantity and quality benchmarks. Failure to meet such contractual deadlines and quality or quantity benchmarks could expose the Issuer to additional costs and result in contractual penalties (generally up to 10% of the contract price) that may reduce the Issuer's profit margins and, in extreme cases, result in the termination of

the contract. For larger projects, the risks associated with agreed milestones for the performance and completion of services are inherently greater. Furthermore, any delays or underperformance in the projects to which the Issuer is party may lead to conflicting demands on resources allocated to be used in other projects. Failure to meet contractual deadlines or quality and quantity benchmarks may have a materially adverse effect on the Issuer's business, financial condition and results of operations, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

Liability and reputational risks deriving from the nature of the Issuer's business

The Issuer provides, *inter alia*, professional design and construction services for large-scale and complex projects. If a catastrophic event, such as the collapse of a tunnel or building, or a derailment, occurred at one of the projects in which the Issuer is involved, the Issuer may be held liable if such an event is found to be caused by the Issuer's professional negligence or that of its partners (see "*General Risks–The Issuer relies on business partners to perform under its contracts*"). Increased liability may occur if such negligence results in the personal injury or death or where there is an environmental harm, and/or extensive damage to third-party property. Such catastrophic incidents could expose the Issuer to claims for personal injury, wrongful death, property damage or claims by customers, subcontractors, governments, employees or members of the public, which could lead to the payment of extensive damages, and result in significant adverse publicity and reputational harm, which could lead to a loss of business and could have a material adverse effect on the Issuer's financial condition and results of operations, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

In addition, some of the current projects of the Issuer (such as high-speed rail lines or highways) may provoke public debate, protests or opposition to their completion, which could cause delays, suspension, postponement or cancellation of the projects. This could have a material adverse effect on the Issuer's financial condition and results of operations and the Issuer's association with any such project could harm its reputation, with a consequent adverse effect on its ability to meet its obligations under the Notes.

Risks related to the authorisation processes

In the construction business, the actual commencement of the works is often subject to a number of factors and events which are beyond the Issuer's control. Such factors and events are related to, among other things, the processes of authorisation by the competent public entities, as well as the procedures for the assessment of the environmental impact of the projects. For instance, depending on the type of project, the authorisation process may require the approval or other similar type of action from, *inter alia*, the public entity awarding the project, the Inter-Ministerial Committee for the Economic Planning (*Comitato Interministeriale per la Programmazione Economica – CIPE*) and/or the competent ministry. In certain cases, the execution of a formal conference between the public entities whose interests may be affected by the project (so called "*conferenza dei servizi*") is also required.

Any difficulty in the authorisation process or in the procedures for the assessment of the environmental impact of the projects might delay the commencement of the works and, consequently, might affect the estimated timing and costs of such projects. This could have a material adverse impact on the Issuer's business, financial condition and results of operations, with a consequent adverse effect on its ability to meet its obligations under the Notes.

Risks related to errors in the project design phase

The Issuer, especially when acting as general contractor, is often required to design: (i) the constructions that have been awarded to it; (ii) the special equipment that the Issuer intends to use in the construction phase of the project (such as, among other things, formworks and the launching gantry); and (iii) the temporary works necessary to complete the project (such as, among other things, support works for open and underground excavations, barriers for the deviation of rivers, tracks and construction sites). Generally, depending on the type of works, design activities are committed to independent experts, specialised engineering companies, technical staff (in case of temporary and support works) and, in case of special equipment, suppliers directly. Should the appointed designer fail to properly design the works, choose the suitable materials, comply with the applicable technical requirements or with contractual provisions, the Issuer would be deemed to be liable for any consequences thereof (such as, *inter alia*, collapses, floods and other similar damages) and may be required to intervene by demolishing and rebuilding the constructions, reducing their value and/or indemnifying the customers. Although the Issuer typically accounts for these events through insurance policies and although the Issuer may be able to recover some of the costs suffered through claims against designers, the occurrence of such events could have consequences beyond the insurance coverage and/or the indemnifications recouped from designers (if any), including reputational damages the extents of which cannot be predicted. Accordingly, any such event might have a material adverse effect on the Issuer's business, financial condition and results of operations, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

Risks related to hydrogeological factors in construction works

One of the main characteristics of the construction business is the continuous interaction with the environment. In particular, the Issuer has a strong track record in the construction of underground works, foundations, as well as stabilisation and consolidation works, in respect of which the hydrogeological factors represent a key element in both the design and construction phases. Geotechnical studies and analysis are normally important to properly design the temporary and final works, as well as to identify the most suitable manufacturing techniques, but they are not always available to the Issuer during the planning and design phases of the projects. This entails the risks that, in the subsequent construction phase, the actual hydrogeological conditions of the soil turn out to be different, even materially, from those expected. Should this be the case, the Issuer would be required to review the project, especially in terms of quantity and quality of construction materials, potentially incurring cost overruns. Depending on the applicable contractual provisions and remedies available to the Issuer, the Issuer may not be able to recover all costs and expenses incurred as a consequence of these events and may be required to obtain additional funds to complete the works. This could have a material adverse effect on the Issuer's business, financial condition and results of operations, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

Risks related to the competitive nature of the industry in which the Issuer operates

The Issuer operates in highly competitive markets. In each of these markets, the Issuer competes with various groups and companies, including large construction groups or engineering companies that may have more experience, resources or local awareness than the Issuer. This competition could intensify because of new companies entering the market and the consolidation of the industries in which the Issuer operates. If the competitors of the Issuer are better able to meet these competitive challenges or to react to changes in the factors that affect competition in the industry, the Issuer may experience a loss of market share which could have a material adverse effect on its

business, financial condition and results of operations, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

In these increasingly competitive markets, if the competitors of the Issuer were to offer more favourable pricing, payment or other contractual terms, warranties or functionality not currently provided by the Issuer, the Issuer may need to lower prices or offer other favourable terms in order to compete successfully, thereby reducing its profitability.

Risks related to the potential inability of the Issuer to acquire or maintain the commercial guarantees necessary to complete the ongoing projects or to obtain new contracts

In the ordinary course of its construction business, the Issuer is required to provide customers with commercial guarantees (including advance payment bonds, performance bonds, warranty bonds, tender bonds, retention money bonds) in order to participate in competitive tenders, enter into contracts with clients or guarantee the performance thereunder. The ability of the Issuer to secure such bonds and guarantees from banks and/or insurance companies depends on such institutions' assessment of the Issuer's overall financial condition and, in particular, the financial condition of the individual Group company concerned, the risks of the project, and the experience and competitive positioning of the company concerned in the sector in which it operates. If the Issuer is unable to secure new bonds and guarantees or if the Issuer renegotiates existing bonds and guarantees on less favourable economic terms, the ability of the Issuer to obtain new orders could be impaired or become significantly more costly, which could have a material adverse effect on the Issuer's business, financial condition and results of operations, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

As of 31 December 2013, the Group had commercial guarantees in the aggregate amount of Euro 906.0 million. These are off-balance sheet items. Commercial guarantees present an ongoing potential for substantial cash out-flows, should the relevant beneficiaries decide to enforce their rights thereunder. In addition, these bonds and guarantees are typically issued on a "first demand basis" and, therefore, may be paid on demand without conditions, without prejudice to the possibility of recourse in the event of willful misconduct or fraud. For example, in 2011, the Algerian owner of a project for the construction of a dam in Algeria alleged certain generic breaches of the Group's contractual obligations and decided unilaterally to terminate the existing contractual arrangements with the Group, enforcing the guarantee provided by the latter for an amount equal to Euro 9.1 million. Although the Group has so far succeeded in the legal proceedings which have followed these events and has been partially indemnified, the enforcement of the guarantee has represented a substantial cash out-flow for the Group.

The Issuer's inability to fulfil its contractual obligations and/or the occurrence of mala fide behaviours of the Issuer's counterparties could lead to the enforcement of the bonds and guarantees provided by the Issuer, with a materially adverse effect on the Issuer's business, financial condition and results of operations and a consequent adverse effect on its ability to meet its obligations under the Notes.

Moreover, in the event of cancellation, expiration or non-renewal of bonds and guarantees relating to ongoing projects, or if the Issuer is unable to obtain new bonds or guarantees, the Issuer may be unable to meet the terms and conditions of such ongoing contract, thereby losing the contract and adversely impacting its business, financial condition and results of operations, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

Risks related to the real estate business of the Issuer

Risks related to real estate markets

The real estate business of the Issuer mainly involves the acquisition of large industrial areas and complexes to be developed and transformed into residential and commercial units and retail spaces. Real estate markets are generally cyclical and, in each country in which the Issuer operates or may operate, are affected by numerous factors, many of which are macroeconomic in nature and beyond the Issuer's control, including changes in economic conditions, real estate market conditions generally, consumer buying power and consumer spending levels, the financial condition of retailers, changes in interest rates, inflation rates, real estate taxes and other operating expenses, the availability and cost of financing, environmental laws and regulations, zoning, construction and occupancy laws and regulations and other factors. Any of these factors could result in the Issuer incurring higher levels of expenses than anticipated or lower revenues than anticipated as a result of the inability to collect anticipated amounts of sale prices. These factors could also result in decreases in the values of the Issuer's properties and lower returns on investment than anticipated. As a result, the Issuer's business and results of operations could be materially adversely affected, with a consequent adverse effect on its ability to meet its obligations under the Notes.

Risks related to the illiquidity of real estate

Real estate investments, particularly investments in commercial real estate, are relatively illiquid. Such illiquidity could limit the Issuer's ability to dispose of, or liquidate, its properties in response to changes in economic or other conditions. If the Issuer were required to liquidate its properties on short notice for any reason, including raising funds to support its operations or repaying indebtedness, or exiting an investment as part of its business strategy, it may not be able to sell such properties on favourable terms or at all. In the case of an accelerated sale, there may be a significant shortfall between the fair value of the property and the price at which the property may actually be sold. Even in planned disposals in the ordinary course of business, an illiquid market may result in a sales price that is lower than anticipated or in a delay of the sale. Failure to make such disposals at satisfactory prices could have a material adverse effect on the Issuer's business, results of operations and financial condition and a consequent adverse effect on its ability to meet its obligations under the Notes.

Risks related to the concessions business of the Issuer

The Issuer's concessions projects have significant investment requirements and depend upon obtaining adequate financing for future projects

The Issuer's concessions projects have significant investment requirements and the business strategy for concessions projects depends on obtaining adequate financing for future projects. Under concessions agreements, the Issuer generally commits to certain future investments, both in the form of shareholder loans and capital injection commitments into the minority-held special-purpose vehicles used in the concessions business. Following any such capital injection, the Issuer is granted equity participations in such special-purpose vehicles pro-rata to the Issuer's minority interests, which will not allow the Issuer to control such companies or the flow of dividends or other distributions therefrom.

For such concession projects in which the Issuer holds a minority interest, any recovery of the investments made will occur over a substantial period of time and will be proportional to its equity participation in each project. Moreover, the Issuer may be unable to recoup its investments in these projects due to delays, cost overruns and general timing issues as to when revenue can be derived from these projects.

The business strategy of the Issuer includes the development and (on a non-recourse basis) financing of numerous projects in the industries in which the Issuer operates. The Issuer cannot ensure that market conditions will favour the Issuer in obtaining the necessary financing. The continued disruptions, uncertainty and volatility in capital and credit markets may limit the Issuer's access to additional capital required to operate its business, including access to project finance, which the Issuer uses to fund its current and future projects. Such market conditions may limit the Issuer's ability to replace, in a timely manner, maturing liabilities and access the capital necessary to grow its business, which could have an adverse effect on the Issuer's activities and economic and financial situation, with a consequent adverse effect on its ability to meet its obligations under the Notes.

Fees from the concession projects of the Issuer are dependent on regulated tariffs and subject to other government regulations

The fees that the Issuer generates from its concession projects are dependent on regulated tariffs. Under most of the concession agreements (especially those related to road infrastructures), a tariff structure is established and the Issuer has limited or no possibility to independently raise tariffs beyond the established rates. The fees the Issuer is allowed to charge pursuant to such tariffs may not match the expenses suffered by the Issuer at any given time and the regulatory process by which such tariffs are determined may not always result in rates that will produce full recovery of the costs and enable the Issuer to earn a reasonable return on the invested capital. The Issuer may also be unable to adjust its tariffs or rates as a result of fluctuations in prices of raw materials, exchange rates, labour and subcontractor costs during the construction phase and the operating phase of these projects, or any other variations in the conditions of specific jurisdictions in which the concession projects are located. If the costs incurred by the Issuer increase or if regulatory action does not allow recovery of all incurred costs, or if the Issuer has to make additional investments as a result of an unforeseen measure in the law or the applicable agreements or as a result of unilateral measures by these authorities, the Issuer's business, financial condition and results of operations could be adversely affected, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

In addition, during the life of a concession, the relevant government authority may unilaterally impose additional restrictions on the Issuer's tariff rates. Government authorities might also postpone annual tariff increases until a new tariff structure is approved without compensating the Issuer for lost revenue. In the case that any one or more of these events occur, this could have a material adverse effect on the Issuer's business, financial condition and results of operations, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

The Issuer is subject to construction risks and market risks when acting as concessionaire

The development and construction of concession infrastructures can be time-consuming and highly complex. When acting as concessionaire, the Issuer bears the construction risks relating to the relevant infrastructure or asset (see "*Risks related to the construction business of the Issuer*"). Furthermore, for those projects for which the Issuer does not have minimum guaranteed fees, the Issuer also bears the risk that, unlike in construction agreements where the contract price is set, in concession agreements, the revenue of the Issuer may instead derive from regulated user fees from the infrastructure or asset. Therefore, the Issuer bears the market risk relating to revenue generated by the project, which may be lower than the expected for factors beyond the Issuer's control (e.g., the number of users is lower than estimated or competing infrastructures). The occurrence of such events may have an adverse effect on the Issuer's business, financial condition

and results of operations, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

Moreover, the Issuer also must finance the construction phase of the concession project through its own equity, bank loans and other forms of project financing. The costs and losses that the Issuer may incur in case of any such event may not be recoverable, which may have an adverse effect on the Issuer's business, financial condition and results of operations, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

Risks related to the obligation to obtain and maintain permits, licenses and authorisations

Under the concession agreements, the concessionaire is usually required to obtain, maintain and comply with the required licenses, permits and authorisations for the construction, operation and maintenance of the project. Delays in or failure to obtain, renew or maintain required permits, licenses and authorisations, or the revocation of or any challenge relating to any license, permit and authorisation may have an adverse effect on the Issuer's business, financial condition and results of operations, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

Moreover, during the operational phase of the concession, the Issuer is required to operate and maintain the facility in compliance quality and quantity requirements set forth by the concession agreement. If the Issuer fails to comply with such pre-established conditions, the public entities granting the concessions (each, a "Grantor") may reduce the tariffs or fees payable to the Issuer, impose contractual penalties or, in the extreme cases, terminate the concession. The costs and losses that the Issuer may incur in case of any such event may have a material adverse effect on the Issuer's business, financial condition and results of operations, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

Concession agreements may be subject to termination, amendment or expropriation

According to applicable administrative laws, the Grantors may unilaterally terminate, amend or expropriate the relevant agreement in the public interest, although the exercise of these powers is subject to judicial control, involves the reimbursement of damages, costs and loss of profits and, to date, no early termination has taken place in relation to the Issuer's activities. The Issuer cannot guarantee that such Grantors will not legislate, impose regulations, change applicable laws or act contrary to law. Any of these unilateral actions, which may include expropriation of the Issuer's assets, could be adopted by a governmental authority with or without paying any compensation to the Issuer. If such a governmental authority or Grantor exercises its rights of material amendment, termination or recovery over any concessions, the Issuer, as concessionaire, will generally be entitled to an indemnification contemplated by law or in the concession contract, which, in principle, would cover the estimated lost profit during the remaining term of the concession contract.

Nevertheless, the Issuer may not receive sufficient compensation for lost profits, which could have a material adverse effect on the Issuer's business, results of operations and financial condition, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

In certain cases, the Grantor may terminate a concession in the event of a serious breach of the concessionaire's contractual obligations, in which case the concessionaire would only be entitled to recover a limited part of its investment, normally consisting of the construction and land expropriation costs.

In addition, the concessionaire may not be entitled to withdraw from the concession in case of failure to obtain the relevant financing, to the extent that its shareholders do not intend to finance

the works with full equity. In such case, the failure to obtain the private funds necessary for the completion of the works would represent an event of termination of the concession due to a breach by the concessionaire and would entitle the Grantor to enforce the performance bond. Until such termination, the Issuer would remain responsible for its equity commitments. The costs borne by the concessionaire would not be recoverable in this case. The foregoing circumstances, in particular, enforcement of a performance bond, and any material amendments to the terms and conditions that apply to the concessions of the Issuer or the termination of concessions by government entities could have a material adverse effect on the Issuer's business, results of operations and financial condition, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

Risks relating to the Issuer's indebtedness

The Issuer's significant leverage could affect its ability to operate its business and raise additional capital to fund its operations

The Issuer has a substantial amount of outstanding indebtedness with significant debt service requirements. As of 31 December 2013, the consolidated gross financial debt of the Issuer was Euro 435.9 million (of which Euro 299.0 million relating to the Issuer and Euro 136.9 million relating to the Issuer's consolidated subsidiaries). The indebtedness of the Issuer may increase from time to time in the future for various reasons, including fluctuations in operating results, capital expenditures and potential acquisitions or joint ventures. The significant leverage of the Issuer could have negative consequences, including:

- making it more difficult for the Issuer to satisfy its obligations with respect to the Notes and its other indebtedness and significantly limiting or impairing the ability of the Issuer to refinance such indebtedness;
- requiring the Issuer to dedicate a substantial portion of its cash flow from operations to payments on debt, thus reducing the availability of the cash flow of the Issuer to fund internal growth through working capital and capital expenditures and for other general corporate purposes;
- increasing the vulnerability of the Issuer to a downturn in its business or economic or industry conditions;
- exposing the Issuer to interest rate increases;
- placing the Issuer at a competitive disadvantage compared to competitors that have less debt in relation to cash flow;
- limiting the Issuer's flexibility in planning for or reacting to changes in the Issuer's reference business and/or industry;
- restricting the Issuer from exploiting certain business opportunities or making acquisitions or investments; and
- limiting, among other things, the Issuer's ability to borrow additional funds, sell assets or raise equity capital in the future, and increasing the costs of such additional financings if interest rates increase;

any of which could have a material adverse effect on the Issuer's business, financial condition and results of operations, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

Some of the debt payment obligations of the Issuer are subject to fluctuations in interest rates

Certain of the indebtedness of the Issuer bears interest at floating interest rate, based on EURIBOR. In connection with a part of this indebtedness, the Issuer has entered into hedging arrangements to cover interest rate fluctuations. There can be no assurance that any current or future hedging contracts will adequately protect the operating results of the Issuer from the effects of interest rate fluctuations or will not result in losses or that the risk management procedures of the Issuer will operate successfully. If significant fluctuations of interest rates occur and cannot be adequately covered through hedging transactions, the interest obligations of the Issuer could become greater, which could adversely affect the Issuer's business, financial condition and results of operations, with a consequent adverse effect on the Issuer's ability to meet its obligations under the Notes.

Factors which are material for the purpose of assessing the market risks associated with Notes

Risk Relating to the Notes

There is no active trading market for the Notes

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer and the Group. Although application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Main Securities Market, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

The Notes are fixed rate securities and are vulnerable to fluctuations in market interest rates

The Notes will carry fixed interest. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital market (the "**Market Interest Rate**"). While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security changes in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls, until the yield of such security is approximately equal to the Market Interest Rate. Conversely, if the Market Interest Rate falls, the price of a security with a fixed interest rate typically increases, until the yield of such security is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate could adversely affect the market price of the Notes.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are not rated

Neither the Notes nor the long term debt of the Issuer are rated. To the extent that any credit rating agencies assign credit ratings to the Notes and/or the Issuer, such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A rating or the absence of a rating is not a recommendation to buy, sell or hold securities.

The Notes may be redeemed prior to maturity

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may pursuant to Condition 7(b) (*Redemption and Purchase – Redemption for taxation reasons*) redeem all outstanding Notes in accordance with the Conditions. If the Issuer calls and redeems the Notes in the circumstances mentioned above, the Noteholders may not be able to reinvest the redemption proceeds in comparable securities offering a yield as high as that of the Notes. Prospective investors should consider reinvestment risk in light of other investments available at that time.

Change of Control

Upon the occurrence of certain change of control events relating to the Issuer, as set out in Condition 7(c) (*Redemption and Purchase - Redemption at the option of Noteholders upon a Change of Control*), under certain circumstances the Noteholders will have the right to require the Issuer to redeem all outstanding Notes at their principal amount together with unpaid and accrued interest (if any) up to but excluding the Put Date (as defined in the "*Terms and Conditions of the Notes*"). However, it is possible that the Issuer will not have sufficient funds at the time of the Change of Control to make the required redemption of Notes. If, upon the exercise of the Noteholders' right, sufficient funds are not available to the Issuer for the redemption, Noteholders may receive less than the principal amount of the Notes. Furthermore, if such right were exercised by the Noteholders, this might adversely affect the Issuer's financial position.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

The Notes will be represented by the Global Notes except in certain limited circumstances described in the Permanent Global Note. The Global Notes will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

Minimum denomination

As the Notes have a denomination consisting of the minimum denomination of € 100,000 and integral multiples of € 1,000 in excess thereof, it is possible that the Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination € 100,000 may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the minimum denomination € 100,000. If definitive Notes are issued, holders should be aware that holdings of Notes which are not represented by denominations of € 100,000 may be illiquid and difficult to trade.

Payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax

All payments in respect of Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, the Issuer will pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. The Issuer's obligation to gross up is, however, subject to a number of exceptions, including withholding or deduction of:

- (a) *imposta sostitutiva* (Italian substitute tax), pursuant to Italian Legislative Decree No. 239 of 1 April 1996;
- (b) withholding tax operated in certain EU Member States pursuant to European Council Directive 2003/48/EC regarding the taxation of savings income (the “**EU Savings Directive**”) and similar measures agreed with the European Union by certain non-EU countries and territories; and
- (c) withholding on account of Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, or any regulations thereunder or official interpretations thereof, or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation

thereof (or any law implementing such intergovernmental agreement), as amended from time to time (“**FATCA**”);

a brief description of which is set out below.

Prospective purchasers of Notes should consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws of any country or territory. See also the section headed “*Taxation*” below.

Imposta sostitutiva (Italian substitute tax)

Imposta sostitutiva is applied to payments of interest and other income (including the difference between the redemption amount and the issue price) at a rate of 26 per cent. to (i) certain Italian resident Noteholders and (ii) non-Italian resident Noteholders who have not filed in due time with the relevant depository a declaration (*autocertificazione*) stating, *inter alia*, that he or she is resident for tax purposes in a country which allows for an adequate exchange of information with the Italian tax authorities.

EU Savings Directive

The EU Savings Directive on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a paying agent (within the meaning of the EU Savings Directive) within its jurisdiction to, or collected by such a paying agent (within the meaning of the EU Savings Directive) for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments. The withholding tax system applies for a transitional period with the rate of withholding currently at 35 per cent. The transitional period is to terminate at the end of the first fiscal year following agreement by certain non EU countries to the exchange of information relating to such payments. The Luxembourg government has announced its intention to introduce, as of 1 January 2015, automatic exchange of information in conformity with the EU Savings Directive.

A number of non EU countries (including Switzerland) and certain dependent or associated territories of certain Member State, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent (within the meaning of the EU Savings Directive) within its jurisdiction to or collected by such a paying agent (within the meaning of the EU Savings Directive) for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union has adopted the Amending Directive which will, when implemented, amend and broaden the scope of the requirements of the EU Savings Directive described above. The Amending Directive will expand the range of payments covered by the EU Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal

arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the EU Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the EU Savings Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

If payments were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax was to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Notes as a result of the imposition of such withholding tax. Furthermore, once the Amending Directive is implemented and takes effect in EU Member States, such withholding may occur in a wider range of circumstances than at present, as explained above.

The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive. However, investors should choose their custodians and intermediaries with care, and provide each custodian and intermediary with any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the Savings Directive, as amended.

For further information on the EU Savings Directive, see the section headed “*Taxation*” below.

Investors who are in any doubt as to their position should consult their professional advisers.

Change of law or administrative practice

The terms and conditions of the Notes are based on English law in effect as at the date of this Prospectus, save that provisions convening meetings of Noteholders and the appointment of a Noteholders’ representative (*rappresentante comune*) are subject to compliance with mandatory provisions of Italian law. No assurance can be given as to the impact of any possible judicial decision or change to English law and/or Italian law (where applicable) or administrative practice after the date of this Prospectus.

Modification

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. In addition, as mentioned in “*Change of law or administrative practice*” above, the provisions relating to Noteholders’ meetings (including quorums and voting majorities) are subject to compliance with certain mandatory provisions of Italian law.

Any such modifications to the Notes, which may include, without limitation, lowering the ranking of the Notes, reducing the amount of principal and interest payable on the Notes, changing the time and manner of payment, changing provisions relating to redemption, limiting remedies on the Notes, and changing the amendment provisions, may adversely impact Noteholders’ rights as well as the market value of the Notes.

FATCA

Whilst the Notes are in global form and held within Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* (together, the “**ICSDs**”), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the ICSDs (see “*Taxation – FATCA*”). However, FATCA may affect payments made to custodians or intermediaries

in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. Pursuant to Condition 9(viii) (*Taxation*) the Issuer has no obligation to pay any additional amounts to compensate Noteholders for any withholding under FATCA.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk. Such description is not intended to be an exhaustive description of any and all market risks which might have an impact on the Notes.

The secondary market generally

The Notes may have no established trading market when issued and one may never develop (see “*Risk Factors – There is no active trading market for the Notes*” above). If a market does develop, it may not be very liquid and, consequently, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes.

The market value of the Notes may also be significantly affected by factors such as variations in the Group’s annual and interim results of operations, news announcements or changes in general market conditions. In addition, broad market fluctuations and general economic and political conditions may adversely affect the market value of the Notes, regardless of the actual performance of the Group.

Delisting of the Notes

Application has been made to the Irish Stock Exchange for the Notes to be listed on the Official List and admitted to trading on the Main Securities Market. The Notes may subsequently be delisted despite the best efforts of the Issuer to maintain such listing and, although no assurance is made as to the liquidity of the Notes as a result of such listing, any delisting of the Notes may have a material effect on a Noteholder’s ability to resell the Notes on the secondary market.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to the purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

In addition, government and monetary authorities may impose, as some have done in the past, exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (1) the Issuer's 2013 and 2012 Annual Consolidated Financial Statements;
- (2) the Auditors' reports to the 2013 and 2012 Annual Consolidated Financial Statements.

The Issuer will provide, without charge to each person to whom a copy of this Prospectus has been delivered, upon the request of such person, a copy of any or all the documents deemed to be incorporated by reference herein. Requests for such documents should be directed to the Issuer at its offices set out at the end of this Prospectus. In addition such documents will be available, without charge, at the specified office of the Fiscal Agent and on the website of the Issuer, as follows: (i) <http://www.pizzarotti.it/annual-report-2013.aspx> as to the Issuer's 2013 Annual Consolidated Financial Statements and related Auditors' reports; and (ii) <http://www.pizzarotti.it/annual-report-2012.aspx> as to the Issuer's 2012 Annual Consolidated Financial Statements and related Auditors' reports.

Any statement contained in this Prospectus or in any of the documents incorporated by reference in, and forming part of, this Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any document subsequently incorporated by reference, by way of supplement prepared in accordance with Article 16 of the Prospectus Directive, modifies or supersedes such statement.

Cross-reference list

The following table shows where the information incorporated by reference in this Prospectus can be found in the above-mentioned documents.

2013 Annual Consolidated Financial Statements	Page number(s)
Statement of financial position.....	120 – 121
Income statement.....	122
Statement of consolidated comprehensive income.....	123
Cash flow statement.....	124
Changes in net working capital.....	124
Net financial position.....	125
Movements in consolidated shareholders' equity.....	126
Explanatory notes.....	129 – 194
Auditors' report.....	198 – 199
2012 Annual Consolidated Financial Statements	Page number(s)
Statement of financial position.....	114-115
Income statement.....	116
Statement of consolidated comprehensive income.....	117
Cash flow statement.....	118
Changes in net working capital.....	118
Net financial position.....	119
Movements in consolidated shareholders' equity.....	120
Explanatory notes.....	123-196
Auditors' report.....	200-201

Any information contained in any of the documents specified above, including any document incorporated by reference therein, which is not included in the cross-reference list is not incorporated by reference in this Prospectus and is not relevant to investors pursuant to Article 28(4) of Regulation (EC) No. 809/2004, implementing the Prospectus Directive.

TERMS AND CONDITIONS OF THE NOTES

The €100,000,000 4.750 per cent. Notes due 2019 (the “**Notes**”, which expression includes any further notes issued pursuant to Condition 14 (*Further issues*) and forming a single series therewith) of Impresa Pizzarotti & C. S.p.A. (the “**Issuer**”) are subject to, and have the benefit of, a fiscal agency agreement dated 5 August 2014 (as amended or supplemented from time to time, the “**Fiscal Agency Agreement**”) between the Issuer and The Bank of New York Mellon acting through its London Branch as fiscal agent (the “**Fiscal Agent**” which expression shall include all persons for the time being acting as fiscal agent under the Fiscal Agency Agreement) and the initial paying agents named therein (the “**Paying Agents**” which expression shall include all persons for the time being acting as paying agents under the Fiscal Agency Agreement). These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Fiscal Agency Agreement. The Fiscal Agency Agreement includes the form of the Notes and the coupons relating to them (the “**Coupons**”). Copies of the Fiscal Agency Agreement are available for inspection during normal business hours at the specified offices of the Paying Agents indicated in the Fiscal Agency Agreement. The holders of the Notes (the “**Noteholders**”) and the holders of the Coupons (whether or not attached to the relevant Notes) (the “**Couponholders**”) are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them.

1 Definitions and interpretation

(a) **Definitions:** in these Conditions:

“**Accounting Principles**” means generally accepted accounting principles in Italy, including IFRS.

“**Auditors**” means one of PricewaterhouseCoopers, Ernst & Young, KPMG or Deloitte & Touche.

“**Calculation Amount**” means €1,000 in principal amount of the Notes.

“**Compliance Certificate**” means the compliance certificate, substantially in the form attached to the Fiscal Agency Agreement, to be made available by the Issuer on each Reporting Date and signed by a duly authorised signatory of the Issuer, certifying compliance by the Issuer for the Relevant Period with the requirements specified in Condition 4(a) (*Financial covenants*) and confirming that (as far as the Issuer is aware) no Change of Control has occurred in the Relevant Period and that there have been no events, developments or circumstances that would materially affect its ability to certify such compliance on the basis of the Issuer's financial condition as at the date of the certificate and its results of operations since the end of the last Relevant Period.

“**Consolidated Assets**” means, with respect to any date, the consolidated total assets, as reported in the Financial Statements.

“**Consolidated EBITDA**” means total revenues less raw materials and consumables, costs for services, personnel costs and other operating expenses, each as reported in the Financial Statements for the Relevant Period.

“**Consolidated Gearing Ratio**” means, as of any Determination Date, the ratio of (a) Total Net Debt at such date to (b) the Shareholders' Equity at such date.

“Consolidated Leverage Ratio” means, as of any Determination Date, the ratio of (a) Total Net Debt at such date to (b) the Consolidated EBITDA as of the Relevant Period immediately preceding the relevant determination.

“Consolidated Net Interest Expenditure” means financial expenses less financial income, each as reported in the Financial Statements for the Relevant Period.

“Consolidated Revenues” means, with respect to any date, the consolidated total revenues, as reported in Financial Statements.

“Determination Date” means 31 December in each year.

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

“Final Maturity Date” has the meaning given to it in Condition 7(a) (*Final redemption*).

“Finance Lease” means any lease or hire purchase contract which would, in accordance with the Accounting Principles, be treated as a finance lease.

“Financial Statements” means:

- (a) the income statement;
- (b) the balance sheet; and
- (c) the cash flow statement,

in each case, forming part of the most recent audited annual consolidated financial statements of the Issuer, together with any notes to those documents and any accompanying reports, statements, declarations, other documents or information.

“Financial Year” means the annual accounting period of the Group ending on or about 31 December in each year.

“Group” means the Issuer and its consolidated Subsidiaries from time to time, as reflected in the Financial Statements.

“Indebtedness” means any financial indebtedness of any Person for money borrowed or raised.

“Insolvent” means that the Issuer or any of its Material Subsidiaries is, or is deemed for the purposes of any applicable law to be, unable to pay its debts as they fall due or is insolvent.

“Interest Coverage Ratio” means, as of any Determination Date, the ratio of (a) the Consolidated EBITDA at such date to (b) the Consolidated Net Interest Expenditure at such date.

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

“Issue Date” has the meaning given to it in Condition 6 (*Interest*).

“Material Subsidiary” means any Subsidiary of the Issuer which accounts for more than 10 per cent. of the Consolidated Assets or Consolidated Revenues.

“Original Financial Statements” means the audited consolidated financial statements of the Issuer as at and for its financial year ended 31 December 2013.

“Participating Member State” means any member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

“Permitted Reorganisation” means:

- (i) any *“fusione”* or *“scissione”* (such expressions bearing the meanings ascribed to them by the laws of the Republic of Italy) or any other reconstruction, amalgamation, reorganisation, merger, consolidation, disposal or transfer of assets or other similar arrangement (including any series of connected transactions) (each a **“Reorganisation”**) on terms approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Noteholders; or
- (ii) in the case of the Issuer, any Reorganisation whilst solvent, whereby the assets and undertaking of the Issuer (or, in the case of a demerger, all or substantially all of such assets and undertaking) are vested in a body corporate in good standing and such body corporate (i) assumes or, if the surviving entity is the Issuer, maintains liability as principal debtor in respect of the Notes and (ii) continues substantially to carry on the business of the Issuer as reported in the Issuer’s most recently published audited financial statements immediately prior to the amalgamation, reorganisation, merger, demerger, consolidation or restructuring; or
- (iii) in the case of a Subsidiary, any Reorganisation whilst solvent, whereby all or substantially all of the assets and undertaking of such Subsidiary are transferred to or otherwise vested in the Issuer or another Subsidiary.

“Permitted Security Interest” means:

- (i) any Security Interest arising by operation of law;
- (ii) any Security Interest existing on the Issue Date;
- (iii) any Security Interest in respect of Indebtedness relating to any newly acquired land or other real estate assets to be built by the Issuer or any of its Subsidiaries in the context of real estate development projects of the Issuer or of the Issuer’s Subsidiaries securing repayment of mortgage loans granted to the Issuer in accordance with market practice, where such Indebtedness, together with the Indebtedness referred to in (iv) below, does not exceed an aggregate amount of 20 per cent. of Consolidated Assets;
- (iv) any Security Interest to secure Indebtedness upon or with respect to any present or future assets, receivables, remittances or payment rights of the Issuer or any of its Subsidiaries (the **“Charged Assets”**) which is created pursuant to any leasing, factoring, securitisation or like arrangements whereby all or substantially all the payment obligations in respect of such Indebtedness are to be discharged solely from the Charged Assets, where such Indebtedness, together with the Indebtedness referred to in (iii) above, does not exceed an aggregate amount of 20 per cent. of Consolidated Assets;
- (v) any Project Security Interest;

- (vi) any Security Interest over or affecting any asset acquired by any member of the Group after the Issue Date if:
 - (a) the Security Interest was not created in contemplation of the acquisition of that asset by a member of the Group; and
 - (b) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset by any member of the Group;
- (vii) any Security Interest created in substitution of or supplementing any Security Interest permitted under paragraphs (ii) to (iii) above over the same or substituted assets provided that (1) the principal amount secured by the substitute Security Interest does not exceed the principal amount secured by the initial Security Interest, (2) in the case of substituted assets, the market value of the substituted assets as at the time of substitution does not exceed the market value of the assets replaced at the time of creation of the Security Interest, as determined and confirmed in writing by the Issuer (acting reasonably), (3) in the case of a Security Interest being supplemented, such supplementing was provided for under the relevant contractual arrangements at the time of creation of the Security Interest and is required to comply with such contractual arrangements or is necessary to reflect an amendment to the economic financial plan of the relevant project, and (4) the duration of the substitute Security Interest does not exceed the duration of the initial Security Interest (except when the increased duration reflects an amendment to the economic financial plan of the relevant project).

“Proceedings” means any legal action or proceedings arising out of or in connection with the Notes or the Coupons.

“Project” means the ownership, acquisition, construction, development, design, leasing, maintenance and/or operation of an asset or assets and/or subscription of equity or shareholder loans by shareholders of the entity promoting such project.

“Project Company” means a company incorporated for the exclusive purpose of carrying out a Project in which the Issuer or any of its Subsidiaries has an equity interest.

“Project Indebtedness” means any Indebtedness incurred by a Project Company and which is limited recourse to the shares or the assets of such Project Company.

“Project Security Interest” means a Security Interest over the shares or the assets of a Project Company to secure the Project Indebtedness of such Project Company.

“Relevant Period” means a 12-month period ending on a Determination Date.

“Relevant Shareholders” means, collectively, Paolo Pizzarotti, Michele Pizzarotti, Pietro Pizzarotti and Enrica Pizzarotti.

“Relevant Taxing Jurisdiction” means the Republic of Italy or any political subdivision or any agency or authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any agency or authority thereof or therein having power to tax to which the Issuer may become subject in respect of payments of principal and interest on the Notes and Coupons.

“Reporting Date” means a date falling no later than 30 days after the approval by the board of directors of the Issuer’s consolidated financial statements, with respect to each Relevant Period ending on 31 December, provided that the approval shall be obtained within 150 days of the end of the Relevant Period, the first Reporting Date being the date falling no later than 30 days after the approval by the board of directors of the Issuer’s consolidated financial statements for the year ending on 31 December 2014 (the **“First Reporting Date”**).

“Security Interest” means, without duplication, a mortgage, charge, pledge, lien or other security interest or other preferential interest or arrangement having a similar economic effect.

“Shareholders’ Equity” means total shareholders’ equity less dividends approved for the current financial year, each as reported in the Financial Statements for the Relevant Period.

“Subsidiary” means in relation to any company, corporation or legal entity (a “holding company”), any company, corporation or legal entity which is controlled, directly or indirectly, by the holding company pursuant to article 2359 of the Italian Civil Code and/or is consolidated in accordance with applicable IFRS principles.

“TARGET Settlement Day” means any day on which the TARGET System is open.

“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.

“Total Net Debt” means, the sum of the following items:

- (i) bank and other loans; non-current liabilities on financial leases; bank overdraft and current portion of loan; short-term portion on financial leases; derivatives; less the items;
- (ii) cash and cash equivalents; fixed financial assets (exclusively with reference to securities AFS) and current financial assets (exclusively with reference to securities HFT);

all as reported in the Financial Statements for the Relevant Period.

- (b) In these Conditions, the following events are deemed to have occurred as set out below:

a **“Change of Control”** will be deemed to occur if the Relevant Shareholders, individually or jointly (where “jointly” means two or more of the Relevant Shareholders), cease to hold, directly or indirectly, or own (beneficially or otherwise) (i) more than 50 per cent. of the issued share capital of the Issuer, (ii) issued share capital having the right to cast more than 50 per cent. of the votes capable of being cast in general meetings of the Issuer or (iii) the right to determine the composition of the majority of the board of directors or equivalent body of the Issuer;

an **“Insolvency Event”** will have occurred in respect of the Issuer or any of its Material Subsidiaries if:

- (i) any one of them becomes subject to any applicable bankruptcy, liquidation, administration, receivership, insolvency, composition or reorganisation (among

which, without limitation, *fallimento, liquidazione coatta amministrativa, concordato preventivo, accordi di ristrutturazione* and *amministrazione straordinaria*, each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including also any equivalent or analogous proceedings under the law of the jurisdiction in which it is deemed to carry on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, receivership, arrangement, adjustment, protection or relief of debtors);

- (ii) an application or petition for the commencement of any of the proceedings under (i) above is made in respect of or by any one of them or the same proceedings are otherwise initiated against any one of them or notice is given of intention to appoint an administrator in relation to the Issuer, and the relevant proceeding is not discharged or stayed within 45 days;
- (iii) any one of them takes any action for a general re-adjustment or deferment of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of all of its creditors (or any class of creditors) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any or its indebtedness or applies for suspension of payments; or
- (iv) an order is made or an effective resolution is passed for the winding-up, liquidation, administration or dissolution in any form of the Issuer (except a winding-up for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved by an Extraordinary Resolution) or any of the events under article 2484 of the Italian civil code occurs with respect to any one of them.

(c) **Interpretation:** in these Conditions:

- (i) “**business day**” means a day on which commercial banks and foreign exchange markets are open in the relevant city and which is a TARGET Settlement Day;
- (ii) “**Person**” means 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;
- (iii) “**Relevant Date**” means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received by the Fiscal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Noteholders;
- (iv) any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under these Conditions or any undertaking given in addition to or substitution for it; and
- (v) any reference in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to Condition 14 (*Further issues*) and forming a single series with the Notes.

2 Form, denomination and title

- (a) **Form and denomination:** The Notes are serially numbered and in bearer form in the denomination of €100,000 each with Coupons attached at the time of issue and integral multiples of €1,000 in excess thereof, up to and including €199,000, with Coupons attached at the time of issue. No Notes in definitive form will be issued with a denomination above €199,000.
- (b) **Title:** Title to the Notes and Coupons passes by delivery. The holder of any Note or Coupon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no Person will be liable for so treating the holder.

3 Status of the Notes

Status of the Notes: The Notes and Coupons constitute (subject to Condition 5 (*Negative Pledge*)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Coupons shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 5 (*Negative Pledge*), at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

4 Covenants

- (a) **Financial covenants:** So long as any of the Notes or Coupons remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer shall ensure that:
- (i) the Consolidated Leverage Ratio in respect of any Relevant Period shall not exceed 4.4: 1; and
 - (ii) the Consolidated Gearing Ratio in respect of any Relevant Period shall not exceed 1: 1;
 - (iii) the Interest Coverage Ratio in respect of any Relevant Period shall not be less than 3:1.
- (b) **Financial testing:** The financial ratios set out in Condition 4(a) (*Financial covenants*) shall be tested on each Reporting Date by reference to the latest Financial Statements of the Issuer so that the financial ratios will be tested once in each year, and for the first time on the First Reporting Date.
- (c) **Compliance Certificate:** For so long as the Notes remain outstanding, the Issuer shall, on each Reporting Date, make available for inspection by any Noteholder or Couponholder, free of charge at its own registered office and at all reasonable times during normal business hours at the specified office of each Paying Agent, a Compliance Certificate.
- (d) **Delivery of financial information:** The Issuer shall, as soon as the same becomes available and in any event no later than the Reporting Date, deliver to the Fiscal Agent an electronic copy of its Financial Statements for the Relevant Period. The Issuer shall ensure that each set of Financial Statements is, without prejudice to Condition 4(e) (*Accounting policies*): (i) prepared in accordance with IFRS, consistently with the preparation of its Original Financial Statements; (ii) certified by an authorised signatory

of the Issuer as giving a true and fair view of the financial condition of the Issuer as at the end of the period to which those financial statements relate and of the results of the Issuer's operations during such period; and (iii) audited by independent auditors. So long as any of the Notes remains outstanding (as defined in the Agency Agreement), the Issuer shall make available for inspection by any Noteholder or Couponholder, free of charge at its own registered office and at all reasonable times during normal business hours at the specified office of each Paying Agent, the Financial Statements for the Relevant Period, together with such description of changes and adjustments and such other information referred to in Condition 4(e) (*Accounting Policies*) as may be necessary.

- (e) **Accounting policies:** The Issuer shall ensure that each set of Financial Statements delivered pursuant to Condition 4(d) (*Delivery of financial information*) is prepared using accounting policies, practices and procedures consistent with those applied in the preparation of the Original Financial Statements unless, in relation to any such set of Financial Statements, the Issuer notifies the Fiscal Agent that there have been one or more changes in such accounting policies, practices and procedures and provides the Fiscal Agent for inspection by the Noteholders with: (i) a description of such changes; and (ii) sufficient information to make an accurate comparison between such Financial Statements and the Financial Statements for the previous Relevant Period.

5 Negative pledge

- (a) So long as any Note remains outstanding (as defined in the Fiscal Agency Agreement), the Issuer shall not, and the Issuer shall procure that none of its Material Subsidiaries will, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its undertaking, assets or revenues, present or future to secure any Indebtedness or to secure any guarantee or indemnity in respect of any Indebtedness, without at the same time or prior thereto:
- (i) securing the Notes equally and rateably therewith; or
 - (ii) providing such other security, guarantee or other arrangement for the Notes as may be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Noteholders.

6 Interest

- (a) The Notes bear interest from and including 5 August 2014 (the "**Issue Date**") at the rate of 4.750 per cent. per annum (the "**Original Rate of Interest**"), payable annually in arrear on 5 August in each year, commencing on 5 August 2015 (each an "**Interest Payment Date**"), provided that the rate of interest payable on the Notes will be subject to adjustment in the event of a Step-Up Interest Event or a Step-Down Interest Event, as follows:
- (i) from and including the first Interest Payment Date following the date of a Step-Up Interest Event, the rate of interest payable on the Notes shall be the Original Rate of Interest plus 1 per cent. per annum, being 5.750 per cent. per annum (the "**Increased Rate of Interest**");
 - (ii) from and including the first Interest Payment Date following the date of a Step-Down Interest Event, the rate of interest payable on the Notes shall be the Original Rate of Interest;

- (iii) for the purposes of this Condition, a “**Step-Up Interest Event**” will be deemed to occur if on any Reporting Date the Issuer is in breach of any one of the financial covenants set out in Condition 4(a) (*Financial covenants*) or has otherwise failed to make available a Compliance Certificate in accordance with Condition 4(c) (*Compliance certificate*) in respect of such financial covenants; and a “**Step-Down Interest Event**” will be deemed to occur if on any Reporting Date following a Step-Up Interest Event, the Issuer is in compliance with all of the financial covenants set out in Condition 4(a) (*Financial covenants*) and has otherwise made available a Compliance Certificate in accordance with Condition 4(c) (*Compliance certificate*) in respect of such financial covenants;
 - (iv) the Issuer will cause the occurrence of a Step-Up Interest Event and/or Step-Down Interest Event to be notified to the Fiscal Agent and notice thereof to be given in accordance with Condition 15 (*Notices*) as soon as possible after the occurrence of the Step-Up Interest Event or Step-Down Interest Event, as the case may be, but in no event later than the seventh Business Day thereafter.
 - (v) There shall be no limit on the number of times that adjustments to the rate of interest payable on the Notes may be made pursuant to this Condition 6 during the term of the Notes, provided always that at no time during the term of the Notes will the rate of interest payable on the Notes be less than the Original Rate of Interest or more than the Increased Rate of Interest.
- (c) Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day which is seven days after the Fiscal Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).
- (d) Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period, the day-count fraction used will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).
- (e) Interest in respect of any Note shall be calculated per Calculation Amount. The amount of interest payable per Calculation Amount for any period shall be equal to the product of the Original Rate of Interest or the Increased Rate of Interest (as applicable), the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

7 Redemption and purchase

- (a) **Final redemption:** Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 5 August 2019 (the “**Final Maturity Date**”).
- (b) **Redemption for taxation reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), at their principal amount, (together with interest accrued to the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Relevant Taxing Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 31 July 2014, 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 Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 7(b), the Issuer shall deliver to the Fiscal Agent a certificate signed by a duly authorised director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.
- (c) **Redemption at the option of Noteholders upon a Change of Control:** If at any time while any Note remains outstanding a Change of Control occurs, the holder of each Note will have the option (a “**Put Option**”) (unless prior to the giving of the relevant Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 7(b) (*Redemption for taxation reasons*) above) to require the Issuer to redeem or, at the Issuer’s option, purchase (or procure the purchase of) that Note on the Put Date (as defined below) at its principal amount together with (or, where purchased, together with an amount equal to) accrued and unpaid interest (if any) to (but excluding) the Put Date.

Promptly upon the Issuer becoming aware that a Change of Control has occurred the Issuer shall give notice (a “**Put Event Notice**”) to the Noteholders in accordance with Condition 15 (*Notices*), with a copy to the Fiscal Agent, specifying the nature of the Put Event and the procedure for exercising the Put Option.

To exercise the Put Option, the holder of a Note must deliver such Note to the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the “**Put Period**”) of 30 days after a Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a “**Put Notice**”) stating, *inter alia*, that such Noteholder requires early redemption of all or some of its Notes pursuant to this Condition 7(c). The Note should be delivered together with all Coupons appertaining thereto maturing after the date which is ten Business Days after the expiration of the Put Period (the “**Put Date**”), failing which the Paying Agent will require payment from or on behalf of the Noteholder of an amount equal to the face value of any missing such Coupon. Any amount so paid will be reimbursed to the Noteholder against presentation and surrender of the relevant missing Coupon (or any

replacement therefor issued pursuant to Condition 12 (*Replacement of Notes and Coupons*)) at any time after such payment, but before the expiry of the period of five years from the date on which such Coupon would have become due, but not thereafter. The Paying Agent to which such Note and Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Put Notice to which payment is to be made, on the Put Date by transfer to that bank account and, in every other case, on or after the Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Put Notice, once given, shall be irrevocable. For the purposes of these Conditions, receipts issued pursuant to this Condition 7(c) shall be treated as if they were Notes. The Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Put Date unless previously redeemed (or purchased) and cancelled.

- (d) **No other redemption:** The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Condition 7(a) (*Final redemption*) and 7(b) (*Redemption for taxation reasons*) above.
- (e) **Notice of redemption:** All Notes in respect of which any notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition.
- (f) **Purchase:** The Issuer and its Subsidiaries may at any time purchase Notes in the open market or otherwise at any price (provided that, if they should be cancelled under Condition 7(g) (*Cancellation*) below, they are purchased together with all unmatured Coupons relating to them). The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 13 (*Meetings of Noteholders, modification and waiver*).
- (g) **Cancellation:** All Notes so redeemed or purchased and any unmatured Coupons attached to or surrendered with them (other than any Notes or Coupons purchased in the ordinary course of a business of dealing in securities) will be cancelled and may not be re-issued or resold.

8 Payments

- (a) **Method of payment:** Payments of principal and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Notes or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent by transfer to a Euro account specified by the payee with a bank in a city in which banks have access to the TARGET System. Payments of interest due in respect of any Note other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Note.
- (b) **Payments subject to fiscal laws:** All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

- (c) **Surrender of unmatured Coupons:** Each Note should be presented for redemption together with all unmatured Coupons relating to it, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than 10 years after the Relevant Date for the relevant payment of principal.
- (d) **Payments on business days:** A Note or Coupon may only be presented for payment on a day which is a business day in the place of presentation. No further interest or other payment will be made as a consequence of the day on which the relevant Note or Coupon may be presented for payment under this Condition 8 falling after the due date.
- (e) **Paying Agents:** The initial Paying Agents and their initial specified offices are listed in the Fiscal Agency Agreement. The Issuer reserves the right at any time to vary or terminate the appointment of any Fiscal Agent or Paying Agent and appoint additional or other Fiscal Agents or Paying Agents, provided that it will maintain (i) a Fiscal Agent, (ii) Paying Agents with a specified office in at least one major European city and (iii) a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law or agreement implementing European Council Directive 2003/48/EC or any other Directive, law or agreement implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

9 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons, as the case may be, shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Taxing Jurisdiction, unless such withholding or deduction is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable:

- (i) in respect of any Note or Coupon presented for payment in the Republic of Italy; or
- (ii) in respect of any Note or Coupon presented for payment by or on behalf of, a holder who is liable to the Taxes in respect of the Note or Coupon by reason of his having some connection with the Relevant Taxing Jurisdiction other than the mere holding of the Note or Coupon or by the receipt of any amounts in respect of the Notes; or
- (iii) in respect of any Note or Coupon presented for payment by, or on behalf of, a holder who is entitled to avoid such withholding or deduction in respect of the Note or Coupon by making a declaration or any other statement to the relevant tax authority, including, but not limited to, a declaration of residence or non-residence or other similar claim for exemption; or
- (iv) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other 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 Italian authorities for the purpose of Legislative Decree No. 239 of 1 April 1996; or

- (v) for or on account of *imposta sostitutiva* or any alternative future system of deduction or withholding set forth in Legislative Decree No. 239 of 1 April 1996, as amended, including in all circumstances in which the procedures to obtain an exemption from *imposta sostitutiva* have not been met or complied with, except where such procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents; or
- (vi) where such withholding or deduction is required to be made pursuant to European Council Directive 2003/48/EC European Council Directive 2014/48/EU of 24 March 2014 or any law or agreement implementing or complying with, or introduced in order to conform to, such Directive; or
- (vii) in respect of any Note or Coupon presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or
- (viii) where such withholding or deduction is required to be made pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, or any regulations thereunder or official interpretations thereof, or an intergovernmental agreement between the United States and another jurisdiction (or any law implementing such intergovernmental agreement), as amended from time to time; or
- (ix) in respect of any Note or Coupon presented for payment more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a presentation date pursuant to Condition 8 (*Payments*).

10 Events of Default

If any of the following events occurs and is continuing:

- (a) **Non-payment:** the Issuer fails to pay the principal of or any interest on any of the Notes when due and such failure continues for a period of seven business days in the case of principal and fourteen business days in the case of interest; or
- (b) **Breach of other obligations:** the Issuer does not perform or comply with any one or more of its other obligations in the Notes (other than the covenants and the obligations set out in Conditions 4(a) (*Financial covenants*) and 4(c) (*Compliance certificate*) above) which default is (i) incapable of remedy or (ii) capable of remedy but is not remedied within 45 days after notice of such default shall have been given to the Fiscal Agent at its specified office by any Noteholder; or
- (c) **Cross-default:** (i) any other present or future Indebtedness of the Issuer or any Material Subsidiary becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual default or event of default (howsoever described), or (ii) any such Indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or any Material Subsidiary fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any Indebtedness provided that the aggregate amount of the

relevant Indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(c) have occurred equals or exceeds €20,000,000 or its equivalent in the relevant currency of payment; or

- (d) **Enforcement proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries and is not discharged or stayed within 60 days, provided that the aggregate value of property, assets or revenues subject to the proceedings mentioned above in this Condition 10(d) equals or exceeds €20,000,000 or its equivalent in the relevant currency of payment; or
- (e) **Security enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any Material Subsidiary having an aggregate value of at least €20,000,000 or its equivalent in the relevant currency of payment becomes enforceable and is enforced (including the taking of possession or the appointment of a receiver, manager or other similar Person) unless discharged or stayed within 60 days; or
- (f) **Insolvency:** an Insolvency Event occurs in relation to either the Issuer or any Material Subsidiary (other than for the purposes of, or pursuant to, a Permitted Reorganisation) or the Issuer or any Material Subsidiary becomes Insolvent; or,
- (g) **Cessation of business:** the Issuer or any Material Subsidiary ceases or threatens to cease to carry on all or a substantial part of its business (other than for the purposes of, or pursuant to, a Permitted Reorganisation) provided that the occurrence of a Change of Control will not trigger the Event of Default set out in this Condition 10(g). For the purpose of this Condition 10(g), "a substantial part" shall mean a part of the whole (in terms of value of the assets of the Issuer or, as the case may be, Material Subsidiary) which accounts for at least 30 per cent.; or
- (h) **Analogous event:** any event occurs which under any applicable laws has an analogous effect to any of the events referred to in paragraphs (d) (*Enforcement Proceedings*) to (g) (*Cessation of business*) above (both inclusive); or
- (i) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes,

then any Note may, by notice in writing given to the Fiscal Agent at its specified office by the holder, be declared immediately due and payable whereupon it shall become immediately due and payable at its principal amount together with accrued and unpaid interest (if any) without further formality.

11 Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made as required by Condition 8 (*Payments*) within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

12 Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Fiscal Agent subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and

otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

13 Meetings of Noteholders, modification and waiver

- (a) **Meetings of Noteholders:** The Fiscal Agency Agreement contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of a modification of any of these Conditions.

All meetings of holders of Notes will be held in accordance with applicable provisions of Italian law in force at the time. In accordance with Article 2415 of the Italian Civil Code, the meeting of Noteholders is empowered to resolve upon the following matters: (i) the appointment and revocation of a joint representative (*rappresentante comune*) of the Noteholders, having the powers and duties set out in Article 2418 of the Italian Civil Code; (ii) any amendment to these Conditions; (iii) motions for 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 Noteholders and the related statements of account; and (v) on any other matter of common interest to the Noteholders.

Subject to any mandatory provisions of Italian law applicable from time to time and the Issuer's by-laws, such a meeting may be convened by the Board of Directors of the Issuer, by the joint representative (*rappresentante comune*) of the Noteholders and such a meeting shall be convened by either of them when a request is made by the Noteholders holding not less than one-twentieth in principal amount of the Notes for the time being outstanding, in each case in accordance with Article 2415 of the Italian Civil Code. If the Issuer or the joint representative (*rappresentante comune*) of the Noteholders defaults in convening the meeting following such request or requisition by the Noteholders representing not less than one-twentieth of the aggregate principal amount of the outstanding Notes, the same may be convened by a decision of the competent court in accordance with Article 2367, paragraph 2 of the Italian Civil Code.

According to the Italian Civil Code, the vote required to pass a resolution by the Noteholders' meeting will be (a) in the case of the first meeting (*prima convocazione*), one or more persons that hold or represent holders of more than one half of the aggregate principal amount of the outstanding Notes, and (b) in the case of the second meeting (*seconda convocazione*) and any further adjourned meeting (*convocazioni successive*), one or more persons that hold or represent holders of at least two-thirds of the aggregate principal amount of the Notes so present or represented at such meeting provided, however, that the Issuer's by-laws may provide in each case for a higher quorum (to the extent permitted under Italian law). Any such second or further adjourned meeting will be validly held if there are one or more persons present that hold or represent holders of more than one-third of the aggregate principal amount of the outstanding Notes; provided, however, that the Issuer's by-laws may provide for a higher quorum (to the extent permitted under Italian law).

If the business of such meeting includes consideration of any of the following proposals: (i) to change the Final Maturity Date or the dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount, or interest on, the Notes, (iii)

to change the currency of any payment in respect of the Notes, (iv) to modify the circumstances in which the Issuer is entitled to redeem the Notes pursuant to Condition 7(b) or the circumstances in which the Noteholders are entitled to direct the Issuer to redeem the Notes pursuant to Condition 7(c), (v) to change the governing law of the Notes or the Fiscal Agency Agreement, (vi) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the resolutions indicated herein or any other resolution or (vii) any other matter provided under Article 2415, paragraph 1, item 2, and paragraph 3 of the Italian Civil Code may only be approved by a resolution passed at a meeting of holders of the Notes (including any adjourned meeting) by one or more persons present that hold or represent holders of not less than one-half of the aggregate principal amount of the outstanding Notes.

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

- (b) **Noteholders' representative:** A joint representative (*rappresentante comune*) may be appointed pursuant to Articles 2415 and 2417 of the Italian Civil Code (the "**Noteholders' Representative**") to represent the common interests of the Noteholders pursuant to Article 2418 of the Italian Civil Code as well as to give effect to resolutions passed at a meeting of Noteholders. In the event the Noteholders' meeting fails to appoint a Noteholders' Representative (*rappresentante comune*), such appointment may be made at the request of any Noteholder or at the request of the board of directors of the Issuer by a decree of the court where the Issuer has its registered office. The Noteholders' Representative (*rappresentante comune*) shall have the powers and duties set out in Article 2418 of the Italian Civil Code and remains appointed for a maximum period of three years but may be reappointed again thereafter.
- (c) **Modification:** The Notes and these Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error or if the amendment is of a formal, minor or technical nature. In addition, the parties to the Fiscal Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any modification unless (i) it is of a formal, minor or technical nature, (ii) it is made to correct a manifest error, (iii) it is in the opinion of such parties, not materially prejudicial to the interests of the Noteholders, or (iv) it is made to comply with mandatory laws, legislation, rules and regulations of Italy and the Issuer's by-laws applicable to the convening of meetings, quorums and the majorities required to pass a meeting of Noteholders and entered into force at any time while the Notes remain outstanding.

14 Further issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires

otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes.

15 Notices

Notices to the Noteholders shall be valid if published in a leading Italian language daily newspaper published in Italy (which is expected to be *Il Sole-24Ore*), in a leading English language daily newspaper (which is expected to be the *Financial Times*) and, for so long as the Notes are admitted to trading on the regulated market of the Irish Stock Exchange and it is a requirement of applicable law or regulations, a leading newspaper having general circulation in the Republic of Ireland or on the website of the Irish Stock Exchange (www.ise.ie). Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

16 Contracts (Rights of Third Parties) Act 1999

No Person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

17 Governing law

- (a) **Governing law:** The Fiscal Agency Agreement, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law, save that provisions in these Conditions and in the Fiscal Agency Agreement relating to Noteholders' meetings and the Noteholders' Representative are subject to compliance with mandatory provisions of Italian law.
- (b) **Jurisdiction:** The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes or the Coupons and accordingly any Proceeding 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. This Condition is for the benefit of each of the Noteholders and Couponholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).
- (c) **Agent for service of process:** The Issuer irrevocably appoints Cheeswrights Notaries Public of Bankside House, 107 Leadenhall Street, London EC3A 4AF, United Kingdom as its agent in England to receive service of process in any Proceedings in England based on any of the Notes or the Coupons. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Noteholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The following is a summary of the provisions to be contained in the Temporary Global Note and the Permanent Global Note (together, the “Global Notes”) which will apply to, and in some cases modify, the Terms and Conditions of the Notes while the Notes are represented by the Global Notes.

The Notes will initially be in the form of a Temporary Global Note which will be deposited on or around the Issue Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

The Notes will be issued in new global note (“NGN”) form. On 13 June 2006 the European Central Bank (the “ECB”) announced that Notes in NGN form are in compliance with the “Standards for the use of EU securities settlement systems in ECB credit operations” of the central banking system for the euro (the “Eurosystem”), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The Notes are intended to be held in a manner which would allow Eurosystem eligibility - that is, in a manner which would allow the Notes to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form (“**Definitive Notes**”) in the denomination of €100,000 each and integral multiples of €1,000 in excess thereof, up to and including €199,000 each, at the request of the bearer of the Permanent Global Note if (i) the Permanent Global Note is held on behalf of a relevant Clearing System and such relevant 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 or (ii) any of the circumstances described in Condition 10 (*Events of Default*) occurs. So long as the Notes are represented by a Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum authorised denomination of €100,000 and higher integral multiples of €1,000, notwithstanding that no Definitive Notes will be issued with a denomination above €199,000.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached (in respect of interest which has not already been paid in full on the Permanent Global Note), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

In addition, the Temporary Global Note and the Permanent Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Temporary Global Note and the Permanent Global Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Payments on business days: In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note Condition 8 (d) (*Payments on business days*) shall not apply, and all such payments shall be made on a day on which the TARGET System is open.

Exercise of put option: In order to exercise the option contained in Condition 7 (c) (*Redemption at the option of Noteholders upon a Change of Control*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to any Paying Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Notices: Notwithstanding Condition 15 (*Notices*), while all the Notes are represented by the Permanent Global Note (or, as the case may be, by the Permanent Global Note and/or the Temporary Global Note) and the Permanent Global Note is (or, as the case may be, the Permanent Global Note and/or the Temporary Global Note are) held on behalf of Euroclear or Clearstream, Luxembourg or an alternative clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 15 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg except that, for so long as such Notes are admitted to trading on the Irish Stock Exchange and it is a requirement of applicable law or regulations, such notices shall be published on the website of the Irish Stock Exchange (www.ise.ie).

USE OF PROCEEDS

The proceeds of the issuance of the Notes will be used by the Issuer to refinance part of its existing indebtedness and for general corporate purposes.

DESCRIPTION OF THE ISSUER

OVERVIEW

Impresa Pizzarotti & C. S.p.A. (“**Impresa Pizzarotti**” or the “**Issuer**”) is a joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy on 29 November 1945. Its registered office and principal place of business is at Via Anna Maria Adorni 1, 43121, Parma (PR), Italy and it is registered with the Companies’ Register of Parma under number 01755470158, Fiscal Code 01755470158 and VAT Number 00533290342. Impresa Pizzarotti may be contacted by telephone on +39 0521 2021 and by email at public@pizzarotti.it.

Impresa Pizzarotti is the parent company of the group consisting of Impresa Pizzarotti and its subsidiaries (collectively, the “**Group**”). The Group has over 100 years’ experience in the construction industry and its operations are carried out both in the domestic and international markets. In particular, as of the date of this Prospectus, the Group operates in the Italian market through the following business segments: (i) infrastructure, (ii) civil buildings, (iii) precast, (iv) real estate, and (v) concessions. The Group’s principal business lines at the international level are the following: (i) infrastructure; (ii) civil buildings; (iii) real estate (for further information see “– *Business of the Group*” below).

Impresa Pizzarotti is an international construction group with a strong presence and market position in Italy and operations located abroad. In particular, the Group currently operates in several foreign countries, both within and outside the European Union, including, *inter alia*, Russia and some Middle Eastern and North African countries. The Group is currently in the process of expanding its international presence in the emerging markets, mainly through initiatives in North Africa, the Middle East and the Far East which, at the date of this Prospectus, are in the bidding phase. The Group selects the countries in which it operates based on an in-depth analysis of their political, macroeconomic and legal framework and the potential for future infrastructure investments.

The Group has successfully grown its business over the past years, despite the global economic crisis which has affected the markets in which it operates.

The Group has live and completed projects located in over 14 countries and it is currently working on approximately 50 projects. Some examples of the Group’s most relevant completed landmark construction projects include, among others: the Catania Siracusa Highway, the Milan – Bologna High-Speed railway (Fontanellato and Campogalliano stretches), the New Fair Complex in Milan, and the Sedrun Stretch on the Gotthard Railway Line Basis Tunnel in Switzerland.

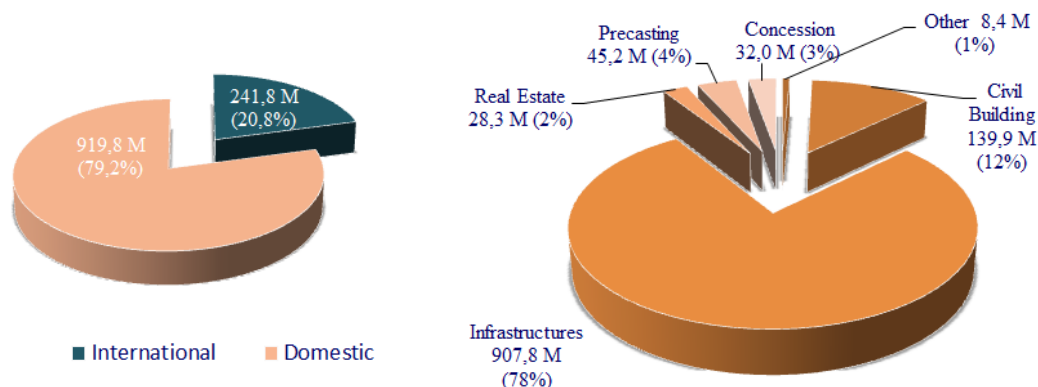
The revenues of the Group for the financial years ended 31 December 2012 and 2013 accounted for Euro 856.1 million and Euro 1,161.6 million, respectively, resulting in an increase of Euro 305.5 million. For the financial year ended 31 December 2013, the revenues generated by the Group from the domestic operations accounted for Euro 919.8 million, as compared to Euro 638.8 million for the financial year ended 31 December 2012. For the financial year ended 31 December 2013, the revenues generated by the Group from the international operations accounted for Euro 241.8 million, as compared to Euro 217.3 million for the financial year ended 31 December 2012.

Accordingly, for the financial year ended 31 December 2013, the Group generated 79.2% and 20.8% of its revenues in the domestic market and in the international markets, respectively.

As of 31 December 2013, the Group’s total order backlog amounted to Euro 9.2 billion of which Euro 3.9 billion was attributable to construction activities (of which Euro 3.0 billion was generated in the domestic market and Euro 840 million was generated in the international markets) and Euro 5.4

billion to concession activities, almost all of which was generated in the domestic market (see “– Backlog” below, for some important information on the determination of the Group’s backlog).

The following charts present a breakdown of the revenues of the Group by business segment and geographical area for the financial year ended 31 December 2013:



Pursuant to its by-laws, Impresa Pizzarotti’s term of incorporation shall last until 31 December 2200.

As of the date of this Prospectus, Impresa Pizzarotti has a share capital of Euro 250,000,000.00 divided into 250,000,000 ordinary shares having a nominal value of Euro 1.00 each. Impresa Pizzarotti’s shares are not listed on a regulated market nor on other trading venues. For further information on Impresa Pizzarotti’s main shareholders, see “Corporate Governance – Shareholders”.

HISTORY AND DEVELOPMENT

In 1910, Impresa Pizzarotti was established as a sole – proprietor firm by Mr Gino Pizzarotti and began its activity with the construction of a church located by the Cisa pass.

In 1945, Mr Pietro Pizzarotti converted Impresa Pizzarotti from a sole – proprietor firm into a limited liability company.

During the 1950s, Impresa Pizzarotti established itself as one of the main Italian companies active in the construction industry. It was selected as contractor for the construction of many major works on behalf of public companies such as, *inter alia*, ANAS S.p.A., a road maintenance agency, Cassa per il Mezzogiorno (Southern Italy Development Board), the Italian Air Force and Civil Aviation and on behalf of private companies such as Anic S.p.A., Società Austostrade S.p.A. and Società Montecatini S.p.A.

The 1960s represented a crucial period in the history of the Group. In 1961, the shareholders’ meeting of Impresa Pizzarotti resolved upon, *inter alia*, a share capital increase and the conversion of the company from a limited liability company into a joint stock company limited by shares. As a consequence, the company was renamed Impresa Pizzarotti & C. S.p.A. which is its current name. In 1966, Mr Paolo Pizzarotti, the current reference shareholder, took over the running of the company which was founded by his father.

Between the late 1960s and the 1970s, Impresa Pizzarotti began its diversification strategy, with the aim of expanding its business. During that period, Impresa Pizzarotti continued to grow steadily and

increased in size and project complexity. It was involved in the design and building of many infrastructure and large public works projects. Beside the infrastructure segment, which was already the core business of the Issuer, a specific precast division dedicated to industrialising the construction sector was created. In this respect, during this period two industrial plants were set up (one in the Province of Parma and the other one in the Province of Arezzo).

Starting from the beginning of the 1980s, Impresa Pizzarotti undertook (in conjunction or in consortium with other companies) the construction of large-scale infrastructure including, *inter alia*, the infrastructure of industrial areas, the construction of dwellings, schools and infrastructure in earthquake-hit areas, railway construction and prison construction works. In 1984, a third industrial plant was set up in the Province of Potenza, which as of today is one of the major Italian industrial plants in the precast market in terms of production volumes.

Between the 1980s and 1990s, the Group continued its diversification strategies, adding further activities to its core business. During that period, the Group also entered the international markets, experiencing a strong growth. The Group was involved in the construction of the Euro Disney theme park in Marne La Vallée and a new interchange between the High Speed Railway station and the Regional Metropolitan railway at Charles de Gaulle Airport at Roissy, near Paris. In 1995, with the aim of ensuring quality and the full satisfaction of both its shareholders and its customers and continuing to improve its growth, Impresa Pizzarotti obtained the Company Quality Management System certification in compliance with standard UNI EN ISO 9001 for the project and construction of large civil and infrastructure works, such as building, road, railway and underground works.

Between 2000 and the present, the Group has continued to pursue large and technologically complex infrastructure projects in Italy and abroad by leveraging the depth and breadth of its presence and experience in the Italian and international markets and its local knowledge and commercial networks. In particular, the Group consolidated its strong market position in the design and construction of large-scale infrastructure. As a consequence, nowadays Impresa Pizzarotti is one of the main Italian construction companies acting primarily as Engineering, Procurement and Construction (EPC) contractor.

BUSINESS STRATEGY

The main strategic objectives of the Group are, among others: (i) being a key point of reference in the industries in which it operates; (ii) guaranteeing a continued focus and commitment to efficiency, alongside the quality of services offered; (iii) guaranteeing a continued focus on the stability and growth of the Group and (iv) creating shareholder value.

To achieve these goals, the Group's strategy for the coming years will be mainly focused on both business and geographical diversification.

Business diversification

Although, as of the financial year ended 31 December 2013, concessions generated only 3.0% of the Group's revenue, the Issuer has identified concessions as one of the main drivers for the future growth of the Group in terms of size and production diversification. While infrastructure is to remain the core business of the Group, the Issuer believes that the concessions sector is a complementary business that could enhance the Group's competitiveness and growth. The Group intends to further develop the concessions business in the Italian market mainly through the acquisition of interests in large public-private partnership infrastructure projects which will be financed, *inter alia*, through project financing. The Issuer believes this diversification strategy will bring the positive effects of diversifying income sources, mitigating the impact of potential negative trends in the infrastructure

market. Moreover, it could enhance the visibility of the Group's profits and generate cash flows, also through the disposal of equity investments in the special purpose vehicle (SPV) companies for the management of the various projects, which the Group may use to invest in new projects.

Geographical diversification

In order to reduce the market concentration risk, the Group intends to enhance its international footprint by bolstering operations in the countries in which it already operates, as well as selectively expanding and diversifying its business to new emerging markets. The Group is particularly interested in strengthening and increasing its construction-concession operations abroad.

As the international activities are a source of stability for the Group, both in terms of revenues and margins, the Group plans to continue to selectively pursue expansion opportunities in the emerging markets, as it recently did in Kuwait, Qatar and Saudi Arabia, where governments have well-developed and financially sustainable infrastructure development programmes and also Russia where, through a partnership with other companies, the Group is currently involved in the civil building sector.

The Group intends to pursue such international expansion either independently or with certain selected partners and after careful consideration of the macroeconomic, political, regulatory and legal environment of each relevant country.

MISSION AND VALUES

Due to its experience and its ability to interact with financial institutions and local communities, Impresa Pizzarotti aims to offer its clients the best possible service it can provide, satisfying all their requirements. In order to enhance clients' satisfaction and start developing new projects as well as new areas of business, Impresa Pizzarotti is focused on and committed to improving the know-how and expertise of its human resources through dedicated training programmes.

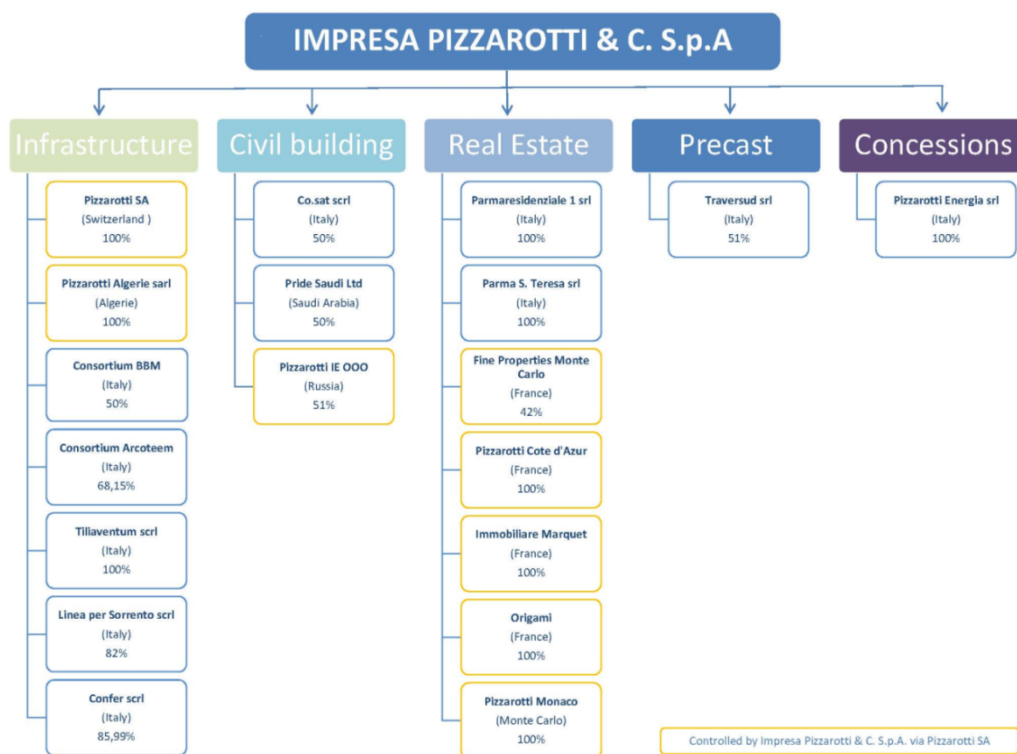
Moreover, research, development, quality and technological innovation have always been essential to Impresa Pizzarotti's execution of projects and the Group demonstrates an ongoing and increasing commitment to these fields in order to ensure that its activities are continually planned, developed and improved to the full satisfaction of its clients.

The Group's expertise in each of its products areas allows it to offer clients integrated, engineered solutions, combining a range of products and technical expertise and know-how to address each client's specific requirements.

THE GROUP

The Group – Structure diagram

The following diagram sets forth the Group's main participations divided by business segment as of the date of this Prospectus.



Impresa Pizzarotti's subsidiaries

The paragraphs below provide for a brief description of the main Impresa Pizzarotti's subsidiaries as of the date of this Prospectus.

Pizzarotti S.A.

Pizzarotti S.A. ("**Pizzarotti**"), is a Swiss company established at the beginning of the 1990s, operating in the execution of large infrastructure, underground construction and transit routes sectors. Due to its experience, competence and service quality, Pizzarotti is one of the key players in the construction sector in the Swiss market where it mainly operates.

Pizzarotti, directly or indirectly through its subsidiaries, is active in the civil works and real estate sectors in Switzerland, France, Russia and Monaco and is also involved in the execution of major infrastructure works in Algeria. In 2012, it opened a branch in Romania where it is involved in the railways subsector.

Impresa Pizzarotti currently holds a 100% equity interest in Pizzarotti.

For the financial years ended 31 December 2012 and 31 December 2013, the revenues of Pizzarotti accounted for approximately Euro 76.2 million and Euro 85.5 million, respectively, representing 8.9% and 7.4% of the Group's revenues for the respective periods.

Fine Properties Monte Carlo S.A.M.

Fine Properties Monte Carlo S.A.M. ("**FPMC**") is a limited liability company incorporated in 2011 under Monégasque Law, as a special purpose vehicle for the execution of a real estate operation in Monte Carlo. Impresa Pizzarotti holds, indirectly through Pizzarotti S.A., a 42% equity interest in

FPMC, although the Group has maintained control over it based on the governance structure adopted. The remaining share capital is held by an important Monaco family (with a 40% equity interest) and the Pizzarotti family (with a 18% equity interest).

The operation started at the end of 2011 with the acquisition of a building in the famous “Carré d’Or” in Boulevard des Moulins in the Casino square. The purchase transaction was carried out for consideration of Euro 109 million and was funded with a non-recourse mortgage loan. The plot on which the building stands has an area of 1,030 sqm and the project envisages the demolition of the existing building and the construction of a new real estate complex, consisting of 11 floors above ground (providing a total of 6,500 sqm), 8 of which for residential purposes and 3 of which for commercial use, and 4 additional underground floors for car parking with a total of 90 parking spaces. The permission to build was granted by the local Authorities in May 2013 and the works for the demolition of the existing building and for the foundations of the new one (*i.e.*, excavation and piling) were completed in April 2014, two months ahead of schedule. The project is expected to be completed in 2016.

The sales started immediately and, as at the date of this Prospectus, sale agreements were signed for a value amounting to approximately 75% of that budgeted. Negotiations are under way for the remaining part. The sale agreements that were signed provided for payment of progressive down-payments based on milestones, initially linked to the signing and notarisation of the agreements and, afterwards, to certain building milestones, such as the completion of foundations, the completion of the ground floor, etc. The signing of the notarised agreements made in November and December 2013 allowed FPMC to collect another tranche of down-payments and to pay half of the bank loan that was taken out to buy the original property. The completion of foundations allowed full repayment of the bank loan by the end of June 2014.

Pizzarotti Energia S.r.l.

Pizzarotti Energia S.r.l. (“**Pizzarotti Energia**”) is a limited liability company established in 2009 as a special purpose vehicle in the context of a project financing transaction for the execution and management of a photovoltaic plant of 13,2 MW in the areas of Augusta and Melilli, in the Province of Siracusa (Sicily).

The plant has been built on top of the artificial tunnels along the Catania – Siracusa motorway (which was previously constructed by Impresa Pizzarotti). It comprises 4 fields constructed in 2010 and connected to the medium-tension network; the fields are Campana (0,8 MW), San Fratello (1,7 MW), Cozzo Battaglia Nord (3 MW) and Cozzo Battaglia Sud (7,7 MW).

The execution phase of the project has been successfully completed and the project is currently in the management phase.

The total construction investment amounted to Euro 47 million and has been financed by a non-recourse loan granted by a pool of lenders. Pizzarotti Energia started operations in 2010 and the actual energy production in the first three years of operation of the park was largely higher than that expected in the relevant economic financial plan (on average higher by +21%), with subsequent impact on profit margins and on positive cash flows.

Impresa Pizzarotti currently holds a 100% equity interest in Pizzarotti Energia.

For the financial years ending 31 December 2012 and 31 December 2013, the revenues of Pizzarotti Energia accounted for approximately Euro 3.8 million and Euro 3.2 million, respectively, representing 0.4% and 0.3% of the Group’s revenues for the respective periods.

BUSINESS OF THE GROUP

Business overview

Impresa Pizzarotti is the holding company of a group which mainly operates through the acceptance and performance of tender contracts in the field of infrastructure and large construction projects, including the related concession business. The Group also builds prefabricated structures for residential and industrial construction projects and it operates in the real estate business on its own behalf.

The Group constructs, directly or through partnerships, large and technologically complex infrastructure, acting primarily as EPC (*Engineering, Procurement and Construction*) general contractor. It also runs concession operations where it manages and operates infrastructure assets that, typically, it has previously built.

Depending on the type of project, the Group may operate through an integrated construction-concession model in which it offers complementary and comprehensive services, from initial design, construction and engineering to operation and maintenance of infrastructure assets. Such integrated model brings a significant advantage to the Group as, during the planning – construction phase, the Group's infrastructure segment benefits from a greater understanding of the complexities of running a concession by the insight the Group gains from its concession business and, during the concession phase, the Group's concession segment benefits from the expertise and insight gained during the planning – construction phase. The Group's integrated construction-concession model allows it to participate in tenders in more than one capacity simultaneously (*e.g.*, as general contractor, designer, subcontractor for its precast products, and/or concessionaire), which results in operational synergies and improved margins. This differentiates the Group from its primary competitors, only a few of whom are able to offer integrated construction-concession services. Furthermore, concessions typically have longer duration and consequently require technological expertise and financial strengths. Therefore, concession projects are awarded on the basis of a broader number of factors, and not exclusively, or principally, on the price offered, but also on the timing and quality of the works to be performed.

In addition the Group's integrated construction-concession model allows it to efficiently manage its cash flows and use the free-cash flows generated by the Group's infrastructure business to partially support and finance the Group's concession investments. In turn, the Group's concession investments have allowed it to bid on large, technologically complex projects which typically are more profitable and cash flow generating.

Set out below is a chart of the Group's primary ongoing projects as of 31 December 2013.

Country	Project	Group's Contract Value⁽¹⁾	Completion Percentage	Backlog⁽²⁾	Ending Year
		<i>(€million)</i>		<i>(€million)</i>	
<i>Transport Infrastructure (Railways and Subways)</i>					

Italy	Naples Subway Line 1, Garibaldi Station	176.3	89.8%	17.9	2015
Algeria	Constantine Tramway	195.2	94.7%	10.4	2014
Romania	Vintu de Jos - Coslariu Stretch of Railway	172.7	15.9%	145.2	2015
Italy	High Speed - High Capacity Railway Treviglio - Brescia	355.3	36.6%	225.1	2016
Israel	Tel Aviv - Jerusalem High Speed Railway	178.4	70.5%	52.6	2015
Switzerland	Ceneri Base Tunnel Portale Vezia	16.9	71.6%	4.8	2016
Transport Infrastructure (Road and Highways)					
Italy	Highway Brescia - Bergamo - Milano	733.4	82.0%	131.9	2014
Italy	Milan East - Esternal Bypass	525.4	35.7%	338.0	2015
Italy	Pedelombarda Highway	164.8	77.3%	37.5	2015
Italy	Cispadana Highway	394.2	0.1%	394.1	2019
Italy	A4 Highway III Lane tagliamento - Gonars	150.0	1.6%	147.6	2018
Italy	Port of Ancona Road	86.4	0.2%	86.2	>2018
Italy	Campogalliano Sassuolo Highway	279.5	0.1%	279.1	2019
Italy	Ferrara Porto Garibaldi Highway	176.4	0.0%	176.4	2018
Romania	Bucharest – Brasov Highway	109.6	99.9%	0.1	2014
Libya	Highway Al Marj – Emsad	155.0	0.0%	155.0	2019
Italy	Tirreno Brennero Highway	254.7	0.3%	253.8	2016
Civil Building					
Italy	Tuscany Hospitals	196.0	90.3%	19.1	2014
Kuwait	Al Amiri Hospital Kuwait	85.2	0.8%	84.6	2019
France	Marsiglia Hospital	149.0	98.3%	2.5	2014

(1) The “Group’s Contract Value” refers to the estimated economic share of the Group in each project based on the existing contractual arrangements and includes both revenues already earned at the reference date and those expected until the date of completion of the project.

(2) The “Backlog” value is an indicator of the Group’s future revenue streams for each relevant project, as it reflects the estimated value of the Group’s expected revenues relating to the works to be still completed on any such project as of the date of the backlog determination (see “– Backlog” below, for some important information on the determination of the Group’s backlog).

Business Segments

The Group’s activities may be divided in the following business segments:

- Infrastructure;
- Civil Buildings;
- Real Estate;
- Concessions; and
- Precast.

While in the Italian market the Group is active in all of such segments, at the international level, as of the date of this Prospectus, the Group mainly operates in the Infrastructure, Civil Buildings and Real Estate segments, constructing major projects in their entirety, such as roads, motorways, underground railways, high-speed railways, civil and industrial buildings, using avant-garde construction and engineering techniques. The major projects constructed by the Group in foreign countries are often of such importance as to become real engines of economic and social development for the nations and communities involved.

The following table provides a breakdown of the Group’s revenues for the financial years ended 31 December 2012 and 2013.

Business segment	31 December 2013			31 December 2012		
	Italy	International	Aggregate	Italy	International	Aggregate
	<i>(€million)</i>			<i>(€million)</i>		
<i>Infrastructure</i>	727.6	180.2	907.8	447.5	157.9	605.4
<i>Civil Buildings</i>	102.3	37.6	139.9	106.8	48.6	155.4
<i>Real Estate</i>	5.0	23.3	28.3	9.8	10.0	19.8
<i>Concessions</i>	31.3	0.7	32.0	30.4	0.8	31.2
<i>Precast</i>	45.3	0.0	45.3	37.1	0.0	37.1
<i>Other</i>	8.3	0.0	8.3	7.2	0.0	7.2
Total	919.8	241.8	1,161.6	638.8	217.3	856.1

For the financial year ended 31 December 2013, the revenues generated by the Group from both its domestic and international activities accounted for Euro 1,161.6 million, as compared to Euro 856.1

million for the financial year ended 31 December 2012, resulting in an increase of Euro 305.5 million.

For the financial year ended 31 December 2013, the revenues generated by the Group from its domestic activities accounted for Euro 919.8 million, as compared to Euro 638.8 million for the financial year ended 31 December 2012, resulting in an increase of Euro 281.0 million. For the financial year ended 31 December 2013, the revenues generated by the Group from its international operations accounted for Euro 241.8 million, as compared to Euro 217.3 million for the financial year ended 31 December 2012, resulting in an increase of Euro 24.5 million.

Set out below is a description of the Issuer's activities and main projects in each of the relevant business segments.

Infrastructure segment

The Infrastructure segment represents the core business of the Group. In this segment, the Group acts as EPC contractor through the following sub-lines: Roads & Highways, Railways & Subways, Hydraulic Works and Photovoltaic. Historically, the main areas of competencies as well as the main sources of revenues are represented by the Roads & Highways sub-lines, followed by the Railways & Subways sub-lines.

Infrastructure completed projects include, *inter alia*, the Catania Siracusa Highway, the Milan – Bologna High-Speed railway (Fontanellato and Campogalliano stretches), the Aica – Mules Exploratory Tunnel, the relocation of the Old Railway Line Modena, and the Sedrun Stretch on the Gotthard Railway Line Basis Tunnel in Switzerland.

As of 31 December 2013, the Group's Infrastructure projects represented 74.4% of the Group's construction backlog.

Domestic Market

For the financial year ended 31 December 2013, the revenues generated by the Group from the Infrastructure segment in the domestic market accounted for Euro 727.6 million, as compared to Euro 447.5 million for the financial year ended 31 December 2012, resulting in an increase of Euro 280.1 million.

Below is a brief description of the Group's most notable ongoing and future Infrastructure projects in the domestic market as of 31 December 2013. The projects which are also described in the section relating to Concessions below are included in the following description with respect to the Group's involvement in the relevant construction phase.

The "*Contract Value*" indicated in the tables below refers to the aggregate estimated economic value of each project based on the existing contractual arrangements and includes the share of the Group as well as all other project partners' share.

Main ongoing projects

PROJECT	Highway Brescia – Bergamo – Milan
Project Description	EPC related to the concession contract for the final executive design, construction and management of the motorway link between the cities of Brescia, Bergamo and Milan
Financing	Project Financing

Customer	BREBEMI S.p.A., a company controlled by Autostrade Lombarde S.p.A.
Contractor	Consorzio BBM, a consortium company involving Impresa Pizzarotti (50.0%) and Consorzio Cooperative Costruzioni (50.0%)
Contract Value	Approximately €1,467 million, of which €734 million represents the estimated economic share of the Group in the project
Construction Period	2011 – 2014
Completion percentage	82.0%

PROJECT	Milan East – External Bypass
Project Description	EPC related to concession contract for the design, construction and management of the East Outer Ring Road (<i>Tangenziale Est</i>) of Milan, which will directly link the A4 Turin - Trieste motorway with the A1 Milan – Bologna Motorway
Financing	Project Financing
Customer	Tangenziale Esterna S.p.A.
Contractor	CCT – a consortium of companies including, <i>inter alia</i> , Impresa Pizzarotti (23.0%) Arcoteem – a consortium of companies including, <i>inter alia</i> , Impresa Pizzarotti (68.2%) Arcoteem has been assigned by CCT the works on the B section of the East Outer Ring Road (<i>Tangenziale Est</i>) of Milan, pursuant to the division of the project works decided among the members of CCT
Contract Value	Approximately €1,593 million, of which €525 million represents the estimated economic share of the Group in the project
Construction Period	2012 – 2015
Completion percentage	36.4% in connection with Arcoteem and 35.1% in connection with CCT

PROJECT	Pedelombarda Highway
Project Description	EPC for the construction of the first section of the Ring Roads of Como and Varese, as well as the construction of the roads which will link the A8 and the A9 motorway. The project comprises the construction of approximately 26 kilometers of both motorway and ordinary roads
Financing	Public
Customer	Autostrada Pedemontana Lombarda S.p.A.
Contractor	Pedelombarda S.c.p.a., a consortium between Impresa Pizzarotti (18.0%), Impregilo S.p.A., Astaldi S.p.A., ACI S.c.p.a and Consorzio Stabile
Contract Value	Approximately €915 million, of which €165 million represents the estimated economic share of the Group in the project

Construction Period	2009 – 2015
Completion percentage	77.3%

PROJECT	Cispadana Highway
Project Description	EPC related to the concession contract for the construction and management of the New Cispadana regional motorway which will link the toll Reggiolo-Rolo A22 to the Ferrara south toll booth on the A13. The project comprises the construction of approximately 67 kilometers
Financing	Project Financing
Customer	ARC Autostrada Regionale Cispadana S.p.A.
Contractor	Consorzio Arcos a consortium of many companies including, <i>inter alia</i> , Impresa Pizzarotti (36.5%), which operates as general contractor
Contract Value	Approximately €1,080 million, of which €394 million represents the estimated economic share of the Group in the project
Construction Period	2015 – 2019
Completion percentage	0.1%

PROJECT	High Speed and High Capacity Railway Treviglio - Brescia
Project Description	EPC for the construction of the new High Speed Rail which will link Treviglio and Brescia. Such project is part of a greater high-speed rail which is deemed to connect, once completed, Milan and Verona. The complete planned route of the High Speed Rail Treviglio Brescia will comprise 39.6 kilometers
Financing	Public
Customer	RFI – Rete Ferroviaria Italiana
Contractor	Cepav Due, a consortium between Saipem S.p.A. (52.0%), Impresa Pizzarotti (24.0%), Società Italiane per condotte d'acqua S.p.A. (12.0%) and Impresa di Costruzioni Giuseppe Maltauro S.p.A. (12.0%)
Contract Value	Approximately €1,480 million, of which €355 million represents the estimated economic share of the Group in the project for Treviglio – Brescia stretch only
Construction Period	2011 – 2016
Completion percentage	36.6%

PROJECT	Naples Subway Line 1 – Garibaldi Station
Project Description	Construction of a new subway station (<i>i.e.</i> , the Garibaldi Station) to be built on Subway Line 1 in Naples

Financing	Public
Customer	Metropolitana di Napoli S.p.A.
Contractor	Impresa Pizzarotti
Contract Value	Approximately €176 million, which corresponds to the estimated economic share of the Group in the project
Construction Period	2008 – 2015
Completion percentage	89.8%

PROJECT	A4 Highway III Lane Tagliamento Gornas
Project Description	EPC for the construction of the third lane on A4 motorway between Tagliamento and Gornas
Financing	Public
Customer	Commissario Delegato Mobilità A4
Contractor	Tiliaventum S.c.a r.l., a consortium between Impresa Pizzarotti (50.0%) and Rizzani de Eccher S.p.A. (50.0%)
Contract Value	Approximately €300 million, of which €150 million represents the estimated economic share of the Group in the project
Construction Period	2015 – 2018
Completion percentage	1.6%

Main future projects

PROJECT	Ferrara Porto Garibaldi highway
Project Description	EPC for the design and construction of the Ferrara-Porto Garibaldi highway, track going from Cispadana highway to Porto Garibaldi
Financing	Project Financing
Customer	SPV to be established
Contractor	Newco to be established with 31.5% Pizzarotti participation share
Contract Value	Approximately €560 million, of which €176 million represents the estimated economic share of the Group in the project
Construction Period	2015 – 2018
Completion percentage	0.0%

PROJECT	Ancona Harbor Highway
Project Description	EPC for the design and construction of the road network between Ancona harbor and a major road system

Financing	Project Financing
Customer	Passante Dorico S.p.A.
Contractor	Newco to be established with 18.0% Pizzarotti participation share
Contract Value	Approximately €479 million, of which €86 million represents the estimated economic share of the Group in the project
Construction Period	2015 – 2017
Completion percentage	0.2%

PROJECT	Campogalliano – Sassuolo highway
Project Description	EPC for the construction of the Campogalliano-Sassuolo highway, track from junction between A22 highway and A1 highway to Sassuolo
Financing	Project Financing
Customer	SPV to be established
Contractor	Newco to be established with 65.0% Pizzarotti participation share
Contract Value	Approximately €430 million, of which €280 million represents the estimated economic share of the Group in the project
Construction Period	2015 – 2019
Completion percentage	0.1%

PROJECT	Tirreno Brennero highway
Project Description	EPC for the construction of the Tirreno Brennero highway, track from junction between A15 highway and Municipality of Trecasali (PR)
Financing	Public
Customer	Autocamionale della Cisa S.p.A.
Contractor	Impresa Pizzarotti
Contract Value	Approximately €255 million, which corresponds to the estimated economic share of the Group in the project
Construction Period	2014 – 2016
Completion percentage	0.3%

International Markets

For the financial year ended 31 December 2013, the revenues generated by the Group from the Infrastructure segment in the international markets accounted for Euro 180.2 million, as compared to Euro 157.9 million for the financial year ended 31 December 2012, resulting in an increase of Euro 22.3 million.

Below is a brief description of the Group's most notable ongoing Infrastructure projects in the international markets as of 31 December 2013.

The "*Contract Value*" indicated in the tables below refers to the aggregate estimated economic value of each project based on the existing contractual arrangements and includes the share of the Group as well as all other project partners' share.

Main ongoing projects

PROJECT	Constantine Tramway
Country	Algeria
Project Description	Construction of a new tramway line in Constantine
Financing	Public
Customer	Ministry of Transport
Contractor	Impresa Pizzarotti for the civil works Alstom Railway for the railway equipment
Contract Value	Approximately €195 million, which corresponds to the estimated economic share of the Group in the project
Construction Period	2007 – 2014
Completion percentage	94.7%

PROJECT	Bucharest – Brasov Highway
Country	Romania
Project Description	Construction of the Bucharest – Brasov motorway sections comprising 19.2 kilometers
Financing	Public
Customer	National Company of Motorways and Roads
Contractor	Impresa Pizzarotti
Contract Value	Approximately €110 million, which corresponds to the estimated economic share of the Group in the project
Construction Period	2007 – 2014
Completion percentage	99.9%

PROJECT	Vintu De Jos – Coslariu Stretch of Railway
Country	Romania
Project Description	Construction of the Vintu de Jos – Coslariu railway line section comprising 34 kilometers
Financing	Public

Customer	Compania Nationala Cale Ferrate
Contractor	Impresa Pizzarotti
Contract Value	Approximately €173 million, which corresponds to the estimated economic share of the Group in the project
Construction Period	2011 – 2015
Completion percentage	15.9%

PROJECT	Tel Aviv – Jerusalem High Speed Railway
Country	Israel
Project Description	Construction of a high speed railway which will connect Tel Aviv and Jerusalem
Financing	Public
Customer	Israel Railways Ltd
Contractor	Shapir Pizzarotti JV
Contract Value	Approximately €357 million, of which €178 million represents the estimated economic share of the Group in the project
Construction Period	2010 – 2015
Completion percentage	70.5%

PROJECT	Ceneri Base Tunnel Portal Vezia
Country	Switzerland
Project Description	Construction of South Portal of Monte Ceneri railway tunnel
Financing	Public
Customer	Alp Transit San Gottardo S.A.
Contractor	Consorzio CVP, a consortium between Pizzarotti S.A. (40.0%) and CSC Impresa Costruzioni S.A (60.0%).
Contract Value	Approximately €43 million, of which €17 million represents the estimated economic share of the Group in the project
Construction Period	2010 – 2016
Completion percentage	71.6%

Main future projects

PROJECT	Highway Al Marj - Emssad
Country	Lybia

Project Description	Highway construction from Al Marj (km 1294+541) to Ad Emssad (km 1695+200)
Financing	Public
Customer	Ras Ejder-Emssad Expressway Committee
Contractor	Consorzio Libyan Expressway Contractors, a consortium between Salini Impregilo (58.0%), Impresa Pizzarotti (15.5%), Società Italiana per Condotte d'Acqua S.p.A. (15.5%) and C.M.C. (11.0%)
Contract Value	Approximately €1 billion, of which €155 million represents the estimated economic share of the Group in the project
Construction Period	2015 – 2019
Completion percentage	0.0%

Civil Buildings segment

The Civil Buildings segment represents for the Group an important area of business and has been historically considered as a constant investment opportunity. The Group act as EPC contractor for civil and industrial buildings including healthcare facilities, administrative and educational facilities, industrial plants, residential and commercial buildings and business centres.

Civil Buildings completed projects include, *inter alia*, the New Fair Complex in Milan, and the construction of the army lodge and the hospital camp at Ederle military base in Vicenza.

For the financial year ended 31 December 2013, the revenues generated by the Group from the Civil Buildings segment accounted for Euro 139.9 million, as compared to Euro 155.4 million for the financial year ended 31 December 2012, resulting in a decrease of Euro 15.5 million.

As of 31 December 2013, the Group's Civil Buildings projects represented 4.3% of the Group's construction backlog.

Domestic Market

For the financial year ended 31 December 2013, the revenues generated by the Group from the Civil Buildings segment in the domestic market accounted for Euro 102.3 million, as compared to Euro 106.8 million for the financial year ended 31 December 2012, resulting in a decrease of Euro 4.5 million.

Below is a brief description of the Group's most notable ongoing Civil Buildings projects in the domestic market as of 31 December 2013.

The "*Contract Value*" indicated in the tables below refers to the aggregate estimated economic value of each project based on the existing contractual arrangements and includes the share of the Group as well as all other project partners' share (if any).

PROJECT	Tuscany Hospitals
Project Description	Construction of four hospitals located in Lucca, Massa, Prato and Pistoia
Financing	Project Financing
Customer	SAT S.p.A.

Contractor	Co. Sat. Scarl, a consortium between Impresa Pizzarotti (50.0%) and Astaldi S.p.A (50.0%)
Contract Value	Approximately €392 million, of which €196 million represents the estimated economic share of the Group in the project
Construction Period	2007 – 2014
Completion percentage	90.3%

International Markets

For the financial year ended 31 December 2013, the revenues generated by the Group from the Civil Buildings segment in the international markets accounted for Euro 37.6 million, as compared to Euro 48.6 million for the financial year ended 31 December 2012, resulting in a decrease of Euro 11.0 million.

Below is a brief description of the Group's most notable Civil Buildings ongoing projects in the international markets as of 31 December 2013.

The “*Contract Value*” indicated in the tables below refers to the aggregate estimated economic value of each project based on the existing contractual arrangements and includes the share of the Group as well as all other project partners' share (if any).

PROJECT	Al Amiri Kuwait Healthcare Facilities
Country	Kuwait
Project Description	Expansion of Al Amiri Kuwait Hospitals
Financing	Public
Customer	Ministry of Health Kuwait
Contractor	Asco Dawood Al Qattan Pizzarotti JV, a Joint Venture between Asco Dawood (33.3%), Al Qattan (33.3%) and Impresa Pizzarotti (33.3%)
Contract Value	Approximately €256 million, of which €85 million represents the estimated economic share of the Group in the project
Construction Period	2013 – 2019, including 3 years maintenance
Completion percentage	0.8%

PROJECT	Centre La Timone Hospital (Marseille)
Country	France
Project Description	Construction of the new medical technological center La Timone Hospital
Financing	Public
Customer	Assistance Publique Hopitaux de Marseille
Contractor	Impresa Pizzarotti
Contract Value	Approximately €149 million, which represents the estimated economic share

	of the Group in the project
Construction Period	2009 – 2014
Completion percentage	98.3%

PROJECT	Al Kharj Flour Mill Project
Country	Saudi Arabia
Project Description	Construction a flour mill near Al Kharj
Financing	Private
Customer	GSFMO OCRIM S.p.A.
Contractor	Pride Saudi Ltd., a company incorporated by Impresa Pizzarotti (50.0%) e Rizzani de Eccher S.p.A. (50.0%)
Contract Value	€10 million, of which €5 million represents the estimated economic share of the Group in the project
Construction Period	2013 – 2014
Completion percentage	29.0%

Precast segment

From the 1970s, a specialist division dedicated to industrialisation of the construction sector was set up by the Group. The Group is active in the industrial precast business area, which is complementary to the Infrastructure and Civil Buildings segments.

In the Precast segment, the Group offers different product lines including, *inter alia*, (i) reinforced concrete components, (ii) railway sleepers, and (iii) anti-noise barriers. Unlike several of its competitors, the Group is able to benefit from strong synergies between its Precast segment and its Infrastructure and Civil Buildings segments, as in the context of Infrastructure and Civil Buildings projects the Group is also able to offer its precast products.

The Group carries out its production in the Precast segment through a number of production sites located across Italy and in particular:

- (i) the Ponte Taro plant located in Parma in relation to the production of the reinforced concrete components, the railway sleepers, as well as the anti-noise barriers;
- (ii) the Lucignano plant located in Arezzo with respect to the production of the reinforced concrete components; and
- (iii) the Melfi plant located in Potenza with respect to the production of the railway sleepers.

The abovementioned production sites enable the Group to satisfy the demands of the Italian market and reach a leading position in terms of production volume.

In this segment, the Group is active only in the domestic market, where, for the financial year ended 31 December 2013, the revenues accounted for Euro 45.3 million, as compared to Euro 37.1 million for the financial year ended 31 December 2012, resulting in an increase of Euro 8.2 million.

As of 31 December 2013, the Group's Precast projects represented 1.0% of the Group's total backlog.

Real Estate segment

The Group's Real Estate segment mainly focuses on urban regeneration and requalification of city areas that were previously occupied by industrial complexes. In particular, the Group acquires large, abandoned industrial areas and complexes to be developed and transformed into residential units, offices and retail spaces.

The Group carries out its real estate activities through a number of subsidiaries including, *inter alia*, Parmaresidenziale 1 S.r.l., Parma Santa Teresa S.r.l., Parco Farnese S.r.l., BRF Property and FPMS with respect to a residential complex in Monaco (for further information on the Monte Carlo initiative, see “*Impresa Pizzarotti's subsidiaries – Fine Properties Monte Carlo S.A.M.*” above).

For the financial year ended 31 December 2013, the revenues generated by the Group from the Real Estate segment accounted for Euro 28.3 million, as compared to Euro 19.8 million for the financial year ended 31 December 2012, resulting in an increase of Euro 8.5 million.

As of 31 December 2013, the Group's Real Estate projects represented 5.6% of the Group's construction backlog.

Domestic Market

For the financial year ended 31 December 2013, the revenues generated by the Group from the Real Estate segment in the domestic market accounted for Euro 5.0 million in 2013, as compared to Euro 9.8 million for the financial year ended 31 December 2012, resulting in a decrease of Euro 4.8 million.

Below is a brief description of the Group's most notable ongoing real estate projects in the domestic market as of 31 December 2013.

The “*Total expected revenues*” indicated in the tables below refer to the undiscounted nominal value of the revenues that the Group expects to earn from each project by the time of its completion, based on a number of circumstances and assumptions, including, among other things, expected trends of the real estate market, contractual arrangements already in place for the construction and/or for the disposal of the assets upon completion.

PROJECT	Ex Anagrafe - Parma
Project Description	Urban regeneration of the “ex Anagrafe” area located in the city center of Parma. The project comprises the construction of a residential complex consisting of approximately 50 residential units
Promoter	Parma Santa Teresa S.r.l.
Total expected revenues	€47 million
Impresa Pizzarotti participation	100%
Completion percentage	45.0%

PROJECT	Parmavera
Project Description	Redevelopment and requalification of the industrial area known as “ex Rossi & Catelli” located in Parma. The project comprises the construction of approximately 280 residential units as well as offices and retail commercial space comprising a total of 39,000 sqm
Promoter	Parmaresidenziale 1 S.r.l.
Total expected revenues	€106 million
Impresa Pizzarotti participation	100%
Completion percentage	56.0%

PROJECT	Parma Urban District
Project Description	<p>Redevelopment and requalification of the industrial area known as “ex Salvarani” located in the financial district of Parma, close to the fair complex and adjacent to the A1 motorway, from which the area is easily accessible thanks to a dedicated road infrastructure that connects it directly to the motorway. The project comprises the creation and the construction of a commercial center for integrated multipurpose comprising a total of approximately 120,000 sqm.</p> <p>The relevant town planning scheme and convention for the project have been approved and executed, and the building permits, relating to both the commercial center and the urbanisation works have been granted by the municipality and are ready to be collected.</p>
Promoter	Parco Farnese S.r.l.
Total expected revenues	€178 million
Impresa Pizzarotti participation	50.0% ⁽¹⁾
Completion percentage	0.0%

(1) As to the possibility that the Group might, in the near future, consider acquiring a 100% interest in this project, see “– Recent Developments” below.

PROJECT	Bormioli
Project Description	Redevelopment of the industrial area known as “ex Bormioli Rocco” located in Parma. The project comprises the creation and the construction of an urban site including residential units offices and retail commercial spaces comprising a total of 50,000 sqm
Promoter	BRF Property S.r.l.
Total expected revenues	€60.0 million

Impresa Pizzarotti participation	34.6%
Completion percentage	0.0%

International Markets

For the financial year ended 31 December 2013, the revenues generated by the Group from the Real Estate segment in the international markets accounted for Euro 23.3 million, as compared to Euro 10.0 million for the financial year ended 31 December 2012, resulting in an increase of Euro 13.3 million.

Below is a brief description of the Group's most notable ongoing Real Estate projects in the international markets as of 31 December 2013.

The “*Total expected revenues*” indicated in the tables below refer to the estimated value of the revenues that the Group expects to earn from each project by the time of its completion, based on a number of circumstances and assumptions, including, among other things, expected trends of the real estate market, contractual arrangements already in place for the construction and/or for the disposal of the assets upon completion.

PROJECT	Fine Properties Monte Carlo
Country	Monaco
Project Description	The initiative concerns a property located in Monaco, close to the Casino. The project involves the demolition of the existing building and the construction of a new one which will consist of 11 floors, 8 of which are to be used for residential purposes and the remaining 3 for commercial purposes. The project also provides for the construction of other 4 underground floors to be used as car parking (for further information on this project, see “– <i>Impresa Pizzarotti's subsidiaries – Fine Properties Monte Carlo S.A.M.</i> ” above)
Promoter	FPMC S.A.M.
Financing	Private
Total expected revenues	€422 million
Impresa Pizzarotti participation	42.0%
Completion percentage	64.0%

Concession segment

The Concession segment is deemed to be one of the main drivers of the Group's future growth. In the Concession segment, the Group manages a wide range of infrastructure assets, generally through long-term concession agreements. The Group's concessions mainly include highways, healthcare facilities and photovoltaic plants.

Concessions generally consist of Build, Operate and Transfer (“**BOT**”) projects providing for (i) an initial stage for the construction of certain public works, in which the Group provides the works and

services, (ii) the management of the resulting infrastructure under concession for a number of years, and (iii) the transfer of the infrastructure to the grantor of the concession at the end of the concession period. Generally, the projects are financed on a non-recourse basis through equity contributions, project debt, medium-term bridge loans and later by project finance.

Concessions projects include, *inter alia*, the Brescia-Bergamo-Milan Highway, the Milan East – External Bypass, the Cispadana Highway, four hospitals in Tuscany, the photovoltaic plant in the province of Catania, the Ancona Port Road System and the Campogalliano-Sassuolo Highway.

The Group's Concession segment provides earnings and revenues to the Group via the management and operation of the relevant facilities (e.g., motorway tolls). The Group pursues projects funded both publicly and through project financing. In any of these projects, guaranteed minimum fees may be granted to the concessionaire. The Group generally carries out its concession activities through project companies (special purpose companies) in which it holds only a minority interest. Pursuant to these concession projects, the Group is required to make certain equity commitments and shareholders' financings, based on the relevant economic financial plan for each project. As of 31 December 2013, the total committed amount of equity and quasi-equity investments to be still injected by the Group is estimated (on the basis of the relevant economical financial plans for each project as of such date) in approximately Euro 155 million.

For the financial year ended 31 December 2013, the revenues generated by the Group from the Concession segment accounted for Euro 32.0 million, as compared to Euro 31.2 million for the financial year ended 31 December 2012, resulting in an increase of Euro 0.8 million.

As of 31 December 2013, construction works relating to Concessions represented 14.5% of the Group's construction backlog.

As of the date of this Prospectus, the main projects currently in progress in the Concession segment are principally located in Italy.

Domestic Market

For the financial year ended 31 December 2013, the revenues generated by the Concessions segment in the domestic market accounted for Euro 31.3 million in 2013, as compared to Euro 30.4 million for the financial year ended 31 December 2012, resulting in an increase of Euro 0.9 million.

Below is a brief description of the Group's main domestic projects in the Concession segment as of 31 December 2013. Some of the projects are also mentioned in prior sections with respect to the Group's involvement in the relevant construction phase. In most of the Concessions projects indicated below, the actual Concessions will begin only once the relevant construction phases are completed.

The "*Expected operational revenues*" indicated in the tables below refer to the undiscounted nominal value of the revenues – expressed in the Group's share in the project – that the concessionaire (in which the Group normally holds a minority equity interest) is expected to earn from each project by the time of its completion, based on a number of circumstances and assumptions, including, among other things, the concessionaire's rights deriving from the concession and other contractual arrangements, the provisions of the relevant economic financial plan as of 31 December 2013 and the compliance by all involved parties to their respective obligations under such arrangements.

The "*Expected dividends*" indicated in the tables below refer to the undiscounted nominal value of the dividends and other shareholders' earnings (such as interest under shareholders' loans) that the

Group expects to receive from each participating concessionaire by the time of the concession's termination, based on a number of circumstances and assumptions, including, among other things, the provisions (applicable as of 31 December 2013) of the relevant economic financial plan.

The "Expected equity injections and subordinated financing" indicated in the tables below refer to equity injections and/or subordinated financing that the Group has already provided or committed to provide to its participated concessionaires until the time of the concession's termination, based on a number of circumstances and assumptions, including, among other things, the provisions (applicable as of 31 December 2013) of the relevant economic financial plan as of 31 December 2013.

Concession projects already in operation

PROJECT	Photovoltaic Plant – Catania
Project Description	Creation of photovoltaic plant on the grounds of artificial tunnels on the Catania – Siracusa motorway
Grantor	ANAS S.p.A.
Concessionaire	Pizzarotti Energia S.r.l.
Operation Start Date	2011
Operation End Date	2030
Expected operational revenues	€154 million
Expected dividends	€47 million
Expected equity injections and subordinated financing	€10.3 million
Share as Operator	100%

PROJECT	Tuscany Healthcare Facilities
Project Description	BOT Concession agreement for four healthcare facilities located in Lucca, Massa, Prato and Pistoia
Grantor	Sistema Integrato Ospedali Regionali – Associazione Aziende
Concessionaire	SAT S.p.A.
Operation Start Date	2013
Operation End Date	2032
Expected operational revenues	€398 million
Expected dividends	€21.5 million
Expected equity injections and	€11.5 million

subordinated financing

Share as Operator	30.0%
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Concession projects in construction phase

PROJECT	Highway Brescia – Bergamo – Milan⁽¹⁾
Project Description	BOT Concession agreement for the highway connecting Brescia, Bergamo and Milan
Grantor	Concessioni Autostradali Lombarde S.p.A.
Concessionaire	BREBEMI S.p.A.
Operation Start Date	2014
Operation End Date	2032
Expected operational revenues	€509 million
Expected dividends	€136 million
Expected equity injections and subordinated financing	€68.3 million
Share as Operator	12.5% ⁽²⁾

(1) Recently, the concessionaire BREBEMI S.p.A., pursuant to the terms of the concession, has requested to the grantor (Concessioni Autostradali Lombarde S.p.A.) a review of the economic financial plan of the project. The request is grounded, inter alia, on the expropriation indemnities suffered by the concessionaire during the execution of the works (for reasons unrelated to the concessionaire and the grantor) which were greater than those estimated in the current economic financial plan by approximately Euro 120 million. The Group reckons that the Inter-Ministerial Committee for the Economic Planning (CIPE) (i.e., the public authority in charge of the decision) will likely give its approval to the request by the end of July 2014.

(2) The Group's share comprises: (i) a direct shareholding held by the Group in BREBEMI S.p.A., equal to 7.41% of the company's share capital, and (ii) an indirect shareholding held by the Group in BREBEMI S.p.A. through its controlling entity, Autostrade Lombarde S.p.A., in which the Group holds a 6.42% stake.

PROJECT	Milan East – External Bypass
Project Description	BOT Concession agreement for the Milan outer ring road which will directly link the A4 Turin - Trieste motorway with the A1 Milan – Bologna Motorway.
Grantor	Concessioni Autostradali Lombarde S.p.A.
Concessionaire	Tangenziale Esterna S.p.A.
Operation Start Date	2015

Operation End Date	2064
Expected operational revenues	€1,978 million
Expected dividends	€883 million
Expected equity injections and subordinated financing	€69.8 million
Share as Operator	10.17%

PROJECT	Cispadana Highway
Project Description	BOT Concession agreement for the New Cispadana regional motorway which will link the toll Reggiolo-Rolo A22 to the Ferrara south toll booth on the A13 comprising approximately 67 kilometers
Grantor	Concessioni Autostradali Lombarde S.p.A.
Concessionaire	ARC – Autostrada Regionale Cispadana
Operation Start Date	2017
Operation End Date	2060
Expected operational revenues	€2,170 million
Expected dividends	€795.4 million
Expected equity injections and subordinated financing	€57.9 million
Share as Operator	19.3%

PROJECT	Ferrara Porto Garibaldi highway
Project Description	Concession for design, construction and management of the Ferrara-Porto Garibaldi highway, track going from Cispadana highway to Porto Garibaldi
Grantor	ANAS S.p.A.
Concessionaire	SPV to be established
Operation Start Date	2019
Operation End Date	2058
Expected operational revenues	€756 million
Expected dividends	€232 million
Expected equity injections and	€19.3 million

**subordinated
financing**

Share as Operator 16.1%

PROJECT	Ancona Harbor Highway
Project Description	Connection between the harbor of Ancona and a major road system: concession of the activities of design, construction and management of the road network between Ancona harbor and a major road system
Grantor	ANAS S.p.A.
Concessionaire	Passante Dorico S.p.A.
Operation Start Date	2017
Operation End Date	2047
Expected operational revenues	€412 million
Expected dividends	€144 million
Expected equity injections and subordinated financing	€27 million
Share as Operator	16.2%

PROJECT	Campogalliano – Sassuolo highway
Project Description	Concession for design, construction and management of the Campogalliano-Sassuolo highway, track from junction between A22 highway and A1 highway to Sassuolo
Grantor	ANAS S.p.A.
Concessionaire	SPV to be established
Operation Start Date	2018
Operation End Date	2045
Expected operational revenues	€455 million
Expected dividends	€87 million
Expected equity injections and subordinated financing	€22 million
Share as Operator	31.3%

In addition to the concession projects mentioned above, Impresa Pizzarotti has been appointed promoter (*promotore*) in connection with three relevant construction-concession projects which are briefly described below as per their status as of 31 December 2013. Under the applicable legal framework, once the definitive bidding process for these projects is completed, Impresa Pizzarotti, in its capacity as promoter, will have a pre-emption right to be exercised by matching the best bid selected by the public administration. Should such pre-emption right be exercised, Impresa Pizzarotti will have the right to be awarded the relevant concessions. Conversely, should Impresa Pizzarotti decide not to exercise the pre-emption right, it will have the right to receive an indemnification with respect to each bid of public interest of up to 2.5% of the relevant project value. The mentioned projects are the following:

SI.TA.VE

The project relates to the design, construction and management of the ring roads system in the Veneto Province, consisting of the realisation of a toll ring road system from Padua to Verona, to be implemented through the rehabilitation and connection of existing ring roads in the cities of Verona, Vicenza and Padua, comprising a total length of 107.4 km. The estimated contract value is approximately Euro 2.8 billion. Impresa Pizzarotti's equity interest in the project SPV would be 51.0%, which would be equal to Impresa Pizzarotti's share in the general contractor consortium. The granting authority is Regione Veneto.

Roma Metro D

The project relates to the design, construction and management of the new metro line D in Rome. The estimated contract value is approximately Euro 2.5 billion. Impresa Pizzarotti's equity interest in the project SPV would be 50.0%, which would be equal to Impresa Pizzarotti's share in the general contractor consortium. The granting authority is Roma Metropolitane S.r.l.

Valsugana Valbrenta Clearway

The project relates to the proposal of project financing for design construction and management of a track of the Valsugana toll clearway from Valbrenta to Bassano West. The estimated contract value is approximately Euro 0.8 billion. Impresa Pizzarotti's equity interest in the project SPV would be 33.5%, while its share in the general contractor consortium would be equal to 55.0%. The granting authority is Regione Veneto.

As of 31 December 2013, the Group's potential backlog related to these three projects amounted to approximately Euro 3,137 million for construction works and Euro 12,627 million for operational revenues.

International Markets

For the financial year ended 31 December 2013, the revenues generated by the Concessions segment in the international markets accounted for Euro 0.7 million in 2013, as compared to Euro 0.8 million for the financial year ended 31 December 2012, resulting in a decrease of Euro 0.1 million.

PROJECT PHASES

Selection

Impresa Pizzarotti has defined procedures for the selection of projects for which it intends to bid for, which vary depending on whether the project is to be carried out in Italy or internationally.

Italy

Internal departments serving Impresa Pizzarotti's general management division decide to bid for a project in conjunction with Impresa Pizzarotti's risk management department by taking into consideration the following key factors: the project's costs, the equipment, machinery and the operating systems required to participate in the bidding phase, any works to be subcontracted, the availability of required resources and technology and potential technical, legal and contractual issues which may give rise to disputes.

Internationally

Impresa Pizzarotti carries out the selection analysis through either local executives (if any) or by its foreign business development department, which looks for foreign business opportunities in line with the internal policies of the Group and together with its foreign general managers. The selection follows a risk analysis which considers the following key factors: the Group's experience in the country and relationship with the relevant public and private sector customers, the country's political and economic stability, the existence of a well-developed legal system, the existence of effective public investment plans, the absence of significant barriers to entry, the country's credit rating, and the availability of adequate insurance coverage. Furthermore, Impresa Pizzarotti generally tends to select projects in markets where EU funding and/or contributions are made available and in the fields which have priority according to the local governments' policies and plans for future developments. Impresa Pizzarotti also tends to identify initiatives, in particular for concessions, which have an intrinsic low risk profile due to the availability of public grants or contributions or a minimum guaranteed revenue arrangement.

Sometimes, the Issuer may carry out its activities with local partners, in order to, among other things, share costs and risks or because it may be required by applicable law as the contract will not be awarded to a foreign company without one. In such cases, the Issuer's analysis also considers which partner(s) would be best suitable for the project given their geographic location and market position, available resources, experience, specialised skills, financial and technical capability and past performance on similarly executed projects with the Issuer.

Awarding Criteria and Process

The Group is awarded contracts for new projects primarily through competitive bidding processes, which typically include solicitations by public-sector entities, public announcements by private-sector entities, invitations when short-listed for private projects and, to a lesser extent, through direct negotiation. The volume of work generally available in the market at the time of the bid, the size of Group's backlog at the time, the location and complexity of the project to be executed and the level of competition for the project are all factors that may affect the Group's competitiveness in a particular bidding process.

Public Sector

In the public sector, contracts are generally awarded through tenders. In some instances, participation in the bidding process is only permitted following a prequalification procedure, where the bidder's eligibility to carry out the project is examined on the basis of certain parameters such as financial capability, experience, personnel and equipment. Due to the Issuer's size, experience and engineering capabilities, the Issuer is generally able to satisfy pre-qualification requirements for the most complex infrastructure projects. Public customers are bound by domestic and – within the EU – European public procurement laws. Bidders tendering for a contract in the public sector are subject to longer and more complex tendering procedures than in the private sector and face the

risk that competitors will challenge the invitation to tender for the award. In the public sector, procurement laws typically require that contracts are awarded on the basis of price and technical quality. In projects to be constructed on a turnkey (fixed-price) basis with financing arranged by the parties participating in the construction of the project, bids are frequently submitted by consortia, due to the increased complexity of these projects. The Group's ability to win these bids is affected by the ability of the consortium in which the Group participates to obtain sufficient financing. Client relationships are of lower relevance due to statutory procurement law requiring predefined and objective award criteria.

Private Sector

In the private sector, although contracts are normally awarded by means of limited invitations to tender and subsequent contract negotiations, brand recognition and client relationships are also important. Contracts for private-sector projects tend to be awarded not only on bid prices and relevant experience, but also based on relationships with the client. If the pre-contract phase takes the form of a direct negotiation between the Issuer and the customer without other competitors, the time to award the contract diminishes significantly.

Bidding and Execution

Infrastructure and Civil Buildings

With respect to infrastructure and building projects in Italy, when bidding in conjunction with partners the Group generally establishes a temporary joint association (*associazione temporanea di impresa*, "TJA"). Under a TJA, the associating entities can jointly bid and commit themselves to jointly execute the works for their contracting party, while remaining independent entities from a legal standpoint. The TJA structure provides for the appointment of a leader entrusted with the power to liaise with the contracting party on behalf of the other associated entities. Depending on its role within the TJA, the Groups classify projects as:

- directly "managed", in which, in the capacity as leader of the TJA, the Group directly manages the project from a technical and administrative standpoint and carries out, on behalf of the other partners, all the necessary actions required for the award, the management and the execution of the works;
- indirectly "managed", in which the Group executes its share of the works and has monitoring powers over the activity of the leader with respect to the technical and administrative management of the project.

If the bid is won by the TJA, their associated entities operate generally through a consortium. The execution of the works is carried out by the consortium and the related fees are invoiced to the owner/grantor either by the consortium or, alternatively, by the individual members of the consortium. Costs relating to the projects (such as workers, lenders, subcontractors and suppliers) are borne by the consortium, which in turn passes any such costs to each of its members by invoicing the costs on a back-to-back basis.

With respect to international construction projects, in countries where the Group has not done business or does not operate on a regular basis, the Group generally partners with local businesses. When the Group bids in conjunction with partners in such cases, it generally sets up a local special purpose company to act as general contractor. Depending on the Group's role, it either acts as leader, by directing and coordinating the works pursuant to decisions agreed with the other partners, or as partner, by supervising the activity of the leader with respect to the technical and

administrative management of the project. Upon completion of the works, such local special purpose company is liquidated.

Concessions

For concessions projects, both in Italy and internationally, the Group generally bids for the concession in conjunction with other partners and jointly invest in a concession special purpose company. If the bid is won, such special purpose company holds the concession and the Group and its concessionaire partners engage an EPC contractor, typically constituted as a consortium or a joint venture through which construction works and services related to the concession project are carried out. The consortium or joint venture typically includes one or more, and in certain cases all, of the partners in the concessionaire. The concessionaire incurs non-recourse debt to finance the construction works and the EPC contractor invoices the concessionaire. Should any public contribution be granted, the relevant amounts are paid by the public entity granting the concession to the concessionaire. See also “– Financing” below.

Financing

Infrastructure and Civil Buildings

With respect to infrastructure and civil buildings activities, local law concerns have a substantial impact on the structure of the financing for the project and the relevant cash requirements. Where allowed by applicable law, projects are initially financed through advances on the contract price, which support the beginning of the works. After such initial phase, the works are then financed through cash flow generated from the Group's operating activities, borrowing under its credit facilities and committed and uncommitted lines. In certain countries, such as France, Algeria, Kuwait and Romania, the client advances a percentage of the contract price (typically between 5% and 10%) and, in Romania and Algeria, the cost of raw materials may also be advanced. In some other countries, such as Italy and Switzerland, advances are generally not granted by the client and, as a result, the relevant projects start generating cash for the contractor only after the construction phase, subsequent to the mobilisation, begins. In these cases, the Group, as the contractor, must take larger amounts of direct financing to fund the projects. In certain limited circumstances, the construction project is financed through dedicated funds released by international funding institutions directly to the government or public entity involved in the relevant project.

In the ordinary course of the Group's Construction business, and as customary, the Group is required to provide customers with commercial guarantees (including advance bonds, performance bonds, warranty bonds, tender bonds, retention money bonds or others) in order to participate in competitive tenders, enter into contracts with clients or guarantee the Group's performance thereunder.

Concessions

The Group's concessions business is capital intensive and assets are typically highly leveraged to optimise its capital structure and maximise its return as shareholder. The Group chooses the financing structure for concessions in light of expected return and the cash flow projections that the Group models for that concession. The Group's concessions' financing costs tend to be high during the early years of the relevant concession, especially while the underlying assets are in the construction or development phases. During these phases, the assets support a significant amount of debt in relation to relatively low revenue. However, the Group may have opportunities to refinance such debt as such concessions mature and their revenue, cash flows and debt coverage

ratios improve. The costs related to the Group's concession projects are generally financed through debt, for an amount of approximately 70% of the project, and 30% through equity contributions in the special-purpose company, where the Group generally holds minority interests. In certain limited cases, public contribution is granted by public sector entities. The injections into the concessionaire from the Group and its co-investors are governed by terms typically set forth in the shareholders agreements, equity contribution agreements or the shareholders loans relating to such companies.

The Groups also generally finances its concessions through non-recourse project finance and, occasionally, through project debt and short-term bridge loans (in certain cases also to cover preliminary activities until financial closing of the project finance is reached). Generally, project finance funding is structured through agreements and related documents that require the loans to be repaid solely from the revenue of the project being financed and provide that the repayment of the loans (and interest thereon) is secured solely by the shares, physical assets, contracts and cash flow of that project company. The basis of the agreement between the project company and the lender is the assignment of cash flows generated by the project to service the debt and interest (including an exclusion or quantified allowance for all other assets) in such a way that investment payback for the lender will take place solely through the project cash flows. Often, when the specific circumstances of a project so warrant, the Group may use short-term bridge loans to cover preliminary activities until financial closing is reached, or uses project debt, *i.e.*, dedicated recourse debt relating to projects that in themselves provide enough to support the financing. The Group has used project debt only occasionally, for example when the size of the project was too small to justify complex financing structure.

Customers and Contracts

Customers

The Group's customers consist of public-sector entities and private companies. As customary in the Group's industry, a substantial part of its activities are carried out for public-sector entities, including ministries of infrastructure, ministries of transportation, regional and local health authorities, municipalities, other local entities, public authorities and infrastructure operators. The Group's private customers are residual and mainly relate to the precast and real estate business segment. For the financial year ended 31 December 2013, public-sector entities and private sector customers accounted for approximately 93.8% and 6.2% of the Group's revenues, respectively, as compared to 94.6% and 5.4%, respectively, for the financial year ended 31 December 2012.

Contracts

General provisions in the Group's contracts tend to be similar, other than with respect to project-specific terms. Services to be provided under the Group's contracts generally include performance of general and executive design, as well as construction works. Almost all of the Group's ongoing works are based on fixed-price contracts where it agrees to perform all the works required to complete the project for a pre-determined amount, subject to certain adjustments in limited circumstances. The Group reviews budgets periodically to identify any differences between actual and budgeted costs. If the Group finds any differences attributable directly or indirectly to its client, the Group generally attempts to negotiate higher contract prices, or indemnities or reimbursements to recover related cost variations. Such requests are generally referred to as "claims". Quantification and recognition of such claims involve complex procedures, which may require legal actions before a court or an arbitral panel, and as to the amounts and timing for their liquidation are uncertain. Notwithstanding the foregoing, the Group believes that it has put in place internal processes, which enable it to both effectively manage procedures for the identification and liquidation of any claim

and estimate the amount of claims that will be eventually paid to the Group. Review of prices in contracts with Italian public-sector entities is generally limited to extraordinary variations in the cost of raw materials. See “ – *Regulatory Framework*”. Contracts with foreign public-sector entities typically include certain automatic adjustment mechanisms that allow the Group to pass on changes in construction costs, such as changes in the compensation base of workers and costs of raw materials, especially when caused by currency fluctuations or inflation.

Upon completion of a project or of a phase thereof, the contracting party typically provides the Group with a provisional receipt acknowledging completion. During the 60 to 180 days that follow, works completed are tested, and the Group may be required, if necessary, to make repairs or alterations necessary to bring the works into compliance with contract specifications. When the counterparty is satisfied with this process, it issues a definitive certificate that acknowledges its acceptance of the completed project. The Group generally is required to guarantee its workmanship for a certain period after definitive acceptance of the project. Italian law provides that the construction company remains responsible for any serious defect in the project for a ten-year period following definitive acceptance of the works. Outside Italy, the Group's contracts generally provide for a one to three year warranty period following completion and testing.

In general, payment under contracts is made periodically (e.g., on a monthly basis) or upon meeting certain pre-agreed milestones usually on a percentage-of-completion basis. The Group's engineering and construction contracts also frequently contain advance payment provisions (which are a risk mitigation measure). A down payment bond is usually provided against such advances.

In addition, a further bond or guarantee for the exact and timely execution of the works, as well potential labor claims, is required. Generally, the level of this guaranty varies from 10% to 20% of the total contract value in Italy and from 5% to 15% for international contracts. Such guarantees are generally released upon completion of the works once a favourable inspection certificate has been issued. In certain instances, the performance bond is substituted with a guarantee bond for a lower amount to guarantee the proper functioning of the installation until all contractual obligations have expired. Some contracts stipulate, instead of or in addition to the performance bond, that an amount be withheld on payments for invoices issued on a percentage-of-completion basis, which may vary, on average, between 5% and 10% of the value of the work. This amount may be released in exchange for the issuance of a retention bond for an equivalent amount.

When the Group participates in contracts as members of a consortium, TJA, or joint venture, guarantees given to the customer by the consortium, TJA or joint venture are generally counter-guaranteed by each member of the consortium on a pro rata basis.

In connection with transactions entered under the concession regime, the Group generally enters into BOT contracts. Pursuant to such contractual scheme, concessionaires build an infrastructure project and are allowed to commercially operate it for a fixed period, after which the project is to be transferred to the entity granting the concession without further compensation.

Subcontractors

As customary for construction companies, the Group relies on subcontractors to undertake parts of the work on some of its construction projects. The Group has a consolidated network of relationships with several subcontractors in order to avoid dependence on any one of them and to ensure Group's flexibility.

The selection of such subcontractors is based on a number of factors, including, among others, their financial strength and management capacity, their technical qualifications and their experience

in similar projects, their position in the local market and the opportunity to save costs by limiting investments in human resources and equipment.

The Group has adopted an internal procedure to engage contractors, named “procurement management”. The procedure applies each time the procurement process involves the production activities of the Issuer and its subsidiaries. For works performed by affiliate companies, only the provisions that govern the activities attributed to Impresa Pizzarotti apply. This procedure defines the methods and responsibilities relating to the “*procurement process*” and precisely sets out the rules for managing the issuing of contracts relating to the supply of works, products, services, equipment and designs to be used both in Italy and abroad.

The Group rates its subcontractors after every project according to rules and procedures set forth in its total quality management guidelines and the Group carries out periodic checks and verifications on, among other things, subcontractors’ credit and financial situation, degree of compliance with contractual terms, involvement in litigations and the quality of their past performance. The Group also maintains a preferred subcontractors list for each type of construction project. When a subcontractor is chosen for specific aspects of a project, the Group requires that such subcontractor agree to the same responsibilities and liabilities that it undertakes. For further information see “Risk Factors – *The Issuer depends on subcontractors, suppliers and other third parties for the operations of its businesses*”.

As of 31 December 2013, the Group’s subcontracting costs accounted for 60.1% of its total costs.

Energy, Raw Materials and Suppliers

Oil and electricity are the main consumable energy sources in the Group’s construction activities since most of the Group’s construction equipment consumes significant amount of oil and electricity.

The primary raw materials the Group uses in its projects are stone and sand aggregate, bitumen, cement, reinforcing bars, steel, stainless steel, iron and copper. These products and components are subject to raw material availability (such as aluminum, copper, nickel and iron ore) and commodity price fluctuations, which the Group monitors on a regular basis. As customary for construction companies, the Group enters into agreements for the provision of raw materials directly with local and international suppliers. Availability of these products, components and raw materials, however, may vary significantly from year to year due to factors such as customer demand, producer capacity, market conditions and specific material shortages. The Group maintains a preferred suppliers list and the Group has access to numerous global supply sources and does not foresee any supply constraints in the near term.

Impresa Pizzarotti decided some years ago to adopt a computerised tool (Synergo) for the on-line management of the purchasing process with the support of an external company (Bravosolution) in order to make more efficient and transparent the process for the selection of suppliers based on technical and qualitative parameters fixed in advance. The Group’s internal policies require the use of this tool as a priority.

The Group includes cost estimates for energy and raw materials in the overall estimate provided during the tender process. As of 31 December 2013, the Group’s supplier costs accounted for 18.2% of its total costs.

Backlog

The Group's backlog represents the estimated future financial results from its business segment. The Group defines backlog to include projects for which contracts have been signed or awarded, depending on the characteristics of the tender process.

In particular, with respect to construction activities, when the amount of expected revenue from a project is included in the backlog, the Issuer assumes that each party involved in the relevant projects will satisfy all of its respective obligations under the construction contract and that payments under the contract will be made to the Issuer on a timely basis. The backlog of the Issuer is further based on certain estimates and assumptions which are tailored to the specific features of each project, such as, *inter alia*: (i) the estimated amount of work to be completed and time needed for the completion; (ii) in the concession business, the undiscounted nominal value on the reference date of the forecasted revenue deriving from each relevant project; and (iii) the provisions of the relevant economic financial plan, where applicable. Moreover, for projects in which the Issuer acts jointly with other partners, the backlog only includes the scope of work of the Issuer and its part of economic interest and/or ownership in such projects.

The Group does not include in its total order backlog figures its orders in pipeline, *i.e.*, the backlog relating to projects for which signing of the contracts and/or funding is still pending or for which conditions precedent are still pending but for which significant investments have already been made; as of 31 December 2013, the amount of such projects was approximately Euro 3,137 million for construction works and €12,627 million for operational revenues.

The Group believes that backlog is a helpful indicator of the growth of its business segments and provides useful trend information and visibility on its financial results. Backlog is not an IFRS measure. Although the Group's internal accounting systems update the Group's backlog data on a consolidated basis monthly, backlog is not necessarily indicative of Group's future operating results, as backlog figures are subject to substantial fluctuations. See "*Risk Factors – The Issuer's backlog is not necessarily indicative of its future revenue or results of operations*".

As of 31 December 2013, the Group's total order backlog amounted to Euro 9.2 billion of which Euro 3.9 billion was attributable to construction activities (of which Euro 3.0 billion generated in the domestic market and Euro 840 million generated in the international markets) and Euro 5.4 billion to concession activities, almost all of which generated in the domestic market (as at 31 December 2012, the Group's total order backlog amounted to Euro 9.2 billion of which Euro 3.5 billion was attributable to construction activities and Euro 5.7 billion to concession activities).

INSURANCE

The Group maintains the following types of insurance: (i) construction (all risks), (ii) third party insurance, (iii) employer's liability insurance, (iv) plant and equipment insurance and (v) in Italy, insurance covering the Italian statutory constructor's 10-year liability for defects in the works. The Group's insurance coverage is reviewed on a periodic basis in order to adapt to changing conditions and to ensure appropriate coverage. See "*Risk Factors – Risks related to the occurrence of uninsured losses or material losses in excess of insurance coverage*".

EMPLOYEES

As of 31 December 2013, the Group had 1,767 employees while as of 31 December 2012 the Group had 2,059 employees.

LEGAL PROCEEDINGS

As part of the ordinary course of business, companies within the Group are subject to a number of civil, administrative, tax and arbitration proceedings arising from the conduct of its corporate activities including, without limitation, employee disputes and may from time to time be subject to inspections by taxation and other authorities. The Group has carried out a review of its ongoing litigation and provisions in the consolidated financial statements were made where the disputes were likely to result in a negative outcome and a reasonable estimate of the amount involved could be made. See “*Risk Factors – Risks related to legal proceedings*”.

Criminal proceeding involving Mr Paolo Pizzarotti and Mr Aldo Buttini

Mr Paolo Pizzarotti, Chairman of Impresa Pizzarotti, and Mr Aldo Buttini, Managing Director of Impresa Pizzarotti, are currently involved in a criminal proceeding relating to the award of the construction and management concession for the project “*Cittadella della Carta e del Cinema*”, located on the site of the former hospital in Parma and to be mainly funded through project finance resources. In particular, Mr Pizzarotti and Mr Buttini have been charged by the Public Prosecutor with “complicity” (*concorso esterno*) in the crime of abuse of office (*abuso di ufficio*) allegedly committed by certain public officials involved in the bidding and awarding process for the project.

The said project was awarded to a temporary joint association (a so-called ATI, *Associazione Temporanea di Imprese*) established by Impresa Pizzarotti and one other partner in September 2010, after a long and difficult bidding process which began in 2003 and which was interrupted more than once due to claims filed by certain environmental associations.

In essence, the Public Prosecutor argues that Mr Buttini, on behalf of Mr Pizzarotti, inserted into the draft of the concession agreement a clause providing for an unfair economic advantage to the benefit of Impresa Pizzarotti (the “**Clause**”) and that this circumstance alone would have been sufficient (in his opinion) to prove their complicity, as private individuals, in the crime of abuse of office allegedly committed by the public officials who, *inter alia*, received and accepted the Clause.

In 2012, upon request of the Public Prosecutor – initially rejected by the judge of the preliminary investigations and subsequently granted by the Court of Parma further to the appeal of the Public Prosecutor – the seizure of the relevant project area was ordered and Mr Pizzarotti and Mr Buttini promptly appealed such ruling before the Italian Supreme Court. The Supreme Court cancelled the said seizure, stating that the behaviour held by Impresa Pizzarotti in the case at stake (*i.e.*, the filing with the competent public entity of a draft concession agreement proposal containing the Clause) was legitimate and that it would not be possible to prosecute “complicity” (*concorso esterno*) in the crime of abuse of office (*abuso di ufficio*) only on the basis of the proposal by Impresa Pizzarotti to insert the Clause in the concession agreement. Following the Supreme Court ruling, in December 2012, the Court of Parma cancelled the seizure.

As of the date of this Prospectus, the criminal proceeding against Mr Pizzarotti and Mr Buttini is still ongoing. The judgment at first instance is expected to be delivered in 2015.

Impresa Pizzarotti believes that its representatives are totally unrelated to the facts of the aforementioned proceeding.

Certain tax proceedings

Impresa Pizzarotti is involved in certain tax proceedings related to the fiscal years 2004, 2005, 2006, 2007 and 2008. These disputes essentially resulted from three official records of findings that were served on Impresa Pizzarotti by the Italian tax Authorities on 21 December 2005, 10 June 2011 and 29 July 2013, respectively. Set forth below is a brief description of each proceeding.

In respect of all these proceedings, Impresa Pizzarotti has set aside funds equal to approximately Euro 3.0 million in the financial statements related to the financial year ended 31 December 2013, and was required to pay to the Tax Authorities amounts equal in aggregate to approximately Euro 4.0 million, as advances further to their provisional requests. Such amounts might be reimbursed should the final outcomes of the proceedings be favourable to it.

Official record of findings served in 21 December 2005

This proceeding is the result of a general verification conducted between May 2005 and December 2005 by the Tax Police Unit of the Emilia – Romagna Region, concerning the fiscal years from 2002 to 2004. The verification was completed with an official record of findings which contained three different allegations against Impresa Pizzarotti.

Further to Impresa Pizzarotti's claims, two allegations were dropped and, as of the date of this Prospectus, only one allegation is still pending. Such allegation relates to the competence of costs in connection with a construction project completed in 2004, the deductibility of which has been challenged both for both Italian Regional Tax on Productive Activities (IRAP) and Corporate Income Taxes (IRES) purposes.

Further to such verification, Impresa Pizzarotti was notified of two tax assessments: (i) one in connection with IRAP, notified by the Inland Revenue Service Office of Parma (the "**IRAP Assessment**"), and (ii) the other in connection with IRES, notified by the Inland Revenue Service Office of Milan (the "**IRES Assessment**"). Impresa Pizzarotti promptly filed two independent claims against such assessments.

With respect to the IRAP Assessment, the Provincial Tax Commission of Parma upheld Impresa Pizzarotti's claim. The Inland Revenue Service Office of Parma filed an appeal against such judgment with the Regional Tax Commission of the Emilia – Romagna Region. The latter confirmed the judgment of first instance. Such judgment was further appealed by the Inland Revenue Service Office of Parma with the Italian Court of Cassation (*Corte di Cassazione*). As of the date of this Prospectus, the proceeding is still pending. Should Impresa Pizzarotti be deemed liable for the allegations of the Inland Revenue Service Office of Parma, it would be required to pay the tax Authority an amount equal to approximately Euro 1.9 million (including sanctions but excluding any related interest).

With respect to the IRES assessment, the competent Tax Authority delivered a judgment in favour of the Italian Inland Revenue Service Office of Milan both in first instance and in the appeal. Such judgment was promptly appealed by Impresa Pizzarotti with the Italian Court of Cassation (*Corte di Cassazione*). As of the date of this Prospectus, the proceeding is still pending. Should Impresa Pizzarotti be deemed liable for the allegations of the Inland Revenue Service Office of Milan, it would be required to pay to the tax Authority an amount equal to approximately Euro 10.5 million (including sanctions but excluding any related interest).

Official record of findings served in 10 June 2011

This proceeding is the result of a general verification conducted between February 2011 and June 2011 by the Tax Police Unit of Parma, concerning direct taxes and valued added taxes ("**VAT**") for the fiscal years from 2004 to 2010. The verification was completed with an official record of findings which contained certain allegations against Impresa Pizzarotti referring to the following matters: (i) a different tax qualification of a transaction carried out by Impresa Pizzarotti for the purchase of a business unit, (ii) the relationships between Impresa Pizzarotti and a consortium company, and (iii) certain issues concerning the measurement of completed job orders for tax purposes. In view of the

fact that Impresa Pizzarotti believes that the allegations are groundless, it immediately started action to defend its position.

Further to such verification, Impresa Pizzarotti was notified by the Italian Inland Revenue Service Office of the Emilia-Romagna Region certain tax assessments only related to the fiscal years 2004, 2006, 2007 and 2008, and only with reference to the allegations described under items (i) and (ii) above.

With respect to the assessments related to the fiscal years 2006 and 2007, Impresa Pizzarotti promptly filed claims before the Provincial Tax Commission of Bologna, which in both cases upheld Impresa Pizzarotti's arguments and, consequently, dropped all the allegations. Both judgments were appealed by the Inland Revenue Service Office of the Emilia-Romagna Region with the Regional Tax Commission of the Emilia – Romagna Region. As of the date of this Prospectus, the two proceedings are still pending. Should Impresa Pizzarotti be deemed liable for both proceedings, it would be required to pay the tax Authority an amount equal to approximately Euro 6.4 million (including sanctions but excluding any related interest).

With respect to the two assessments related to the fiscal years 2004 and 2008, Impresa Pizzarotti filed requests to verify with the Inland Revenue Service Office of the Emilia-Romagna Region the possibility to settle the dispute and consequently drop the proceeding, also in view of the abovementioned judgments which were delivered in favour of Impresa Pizzarotti. As a settlement could not be reached, Impresa Pizzarotti filed a claim with the competent Tax Authority. As of the date of this Prospectus, the two proceedings are still pending. Should Impresa Pizzarotti be deemed liable for both proceedings, it would be required to pay the tax Authority an amount equal to approximately Euro 4.2 million (including sanctions but excluding any related interest. This amount also includes sums which might be due by Impresa Pizzarotti in case of negative outcome of the following proceeding "*Official record of findings served on 29 July 2013*").

With respect to the allegation under item (iii) above, as of the date of this Prospectus, the Italian Inland Revenue Service Office of the Emilia-Romagna Region has not yet notified Impresa Pizzarotti of any tax assessments.

Official record of findings served on 29 July 2013

This proceeding is the result of a tax verification conducted between March 2013 and July 2013 by the Inland Revenue Service Office for the Emilia-Romagna Region, concerning the fiscal year 2010. The verification concerned direct taxes, Italian Regional Tax on Productive Activities (IRAP), State Taxes and VAT. The verification was completed with an official record of findings which contained certain allegations against Impresa Pizzarotti mainly referring to two operative lease agreements, the effects of which are spread over a period of ten years.

Further to such verification, the Inland Revenue Service Office of the Emilia-Romagna Region notified Impresa Pizzarotti of two tax assessments related to fiscal years 2004 and 2008. Impresa Pizzarotti immediately filed requests to verify with the Inland Revenue Service Office of the Emilia-Romagna Region the possibility to settle the dispute and consequently drop the proceeding. As a settlement could not be reached, Impresa Pizzarotti filed a claim with the competent Tax Authority for the fiscal years 2004 and 2008. As of the date of this Prospectus, the two proceedings are still pending. Should Impresa Pizzarotti be deemed liable for both proceedings, it would be required to pay to the tax Authority an amount which is already included in the estimate set forth above under the proceeding "*Official record of findings served in 10 June 2011*", with respect to the two assessments related to the fiscal years 2004 and 2008.

CORPORATE GOVERNANCE

Corporate governance rules for Italian non-listed companies, such as Impresa Pizzarotti, are provided in the Italian Civil Code and, where applicable, in Legislative Decree No. 58, of 24 February 1998, as amended (the “**Financial Services Act**”), and the relevant implementing regulations.

Impresa Pizzarotti has adopted a traditional system of corporate governance, based on a conventional organisational model involving shareholders’ meeting, a board of directors, a board of statutory auditors.

Pursuant to its by-laws, the management of Impresa Pizzarotti is entrusted to a collegial body made up of no more than eleven members appointed by the shareholders’ meeting (collectively the “**Board of Directors**”, each a “**Director**”).

Directors are appointed for the period established by the shareholders’ meeting that appoints them which shall not exceed three financial years. Directors can be reappointed.

The Board of Directors has the widest possible powers to perform the ordinary and extraordinary tasks involved in managing Impresa Pizzarotti.

Pursuant to Impresa Pizzarotti’s by-laws, the board of statutory auditors is composed of three auditors and two alternate auditors, each of which shall meet the requirements provided for by applicable law and Impresa Pizzarotti’s by-laws (collectively the “**Board of Statutory Auditors**”). All members of the Board of Statutory Auditors are appointed by the shareholders’ meeting for three financial years and can be reappointed.

The Board of Statutory Auditors is the corporate body that, *inter alia*, must oversee Impresa Pizzarotti’s compliance with applicable laws and by-laws as well as proper administration and verify the adequacy of internal controls and accounting reporting systems.

Management

Board of Directors

The current Board of Directors consists of ten members and was appointed by the shareholders’ meeting held on 10 June 2014. Unless their office is terminated early, all the members will remain in office until the shareholder’s meeting called to approve Impresa Pizzarotti’s financial statements for the financial year ending 31 December 2014.

The following table sets out the current members of Impresa Pizzarotti’s Board of Directors.

Name	Year of Birth	Position
Paolo Pizzarotti	1947	Chairman
Michele Pizzarotti	1975	Deputy Chairman
Luca Sassi	1947	Deputy Chairman
Aldo Buttini	1947	Managing Director
Corrado Bianchi	1958	Managing Director
Giorgio Cassina	1970	Managing

		Director
Maurizio Fratoni	1942	Director
Lidio Giordani	1955	Director
Bruno Melardi	1939	Director
Marco Tarantino	1975	Director

The business address of the Directors is the Issuer's registered office at Via Anna Maria Adorni 1, 43121, Parma (PR), Italy.

Other offices held by members of the Board of Directors

The table below lists the offices on boards of directors, boards of statutory auditors, supervisory committees or other positions (other than those within Impresa Pizzarotti) held by Directors.

Name	Position	Main positions held by Directors outside Impresa Pizzarotti
Paolo Pizzarotti	Chairman	Chairman of the Board of Directors of: Mipien S.p.A., Pizzarotti Energia S.r.l., Monte delle Vigne S.r.l.; Director of Fine Properties Monte Carlo S.A.M.; Member of the Managing Board (<i>consiglio direttivo</i>) of the Union of the Industrialists of Parma (<i>Unione degli Industrialisti di Parma</i>); Member of the Managing Board (<i>consiglio direttivo</i>) of AGI – Associazione Grandi Imprese
Michele Pizzarotti	Deputy Chairman	Director of: Mipien S.p.A., Pizzarotti Energia S.r.l., Traversud S.r.l., Infracis S.p.A., Autostrada Regionale Cispadana S.p.A., Aliparma S.r.l., Bravosolution S.p.A., C.I.S S.p.A., Autostrade Lombarde S.p.A., Pizzarotti Côte d'Azur S.A., Pizzarotti S.A., Fine Properties Monte Carlo S.A.M.
Luca Sassi.....	Deputy Chairman	Director of: BREBEMI S.p.A., Tangenziale Esterna S.p.A., Tiliaventum S.c. a.r.l.
Aldo Buttini	Managing Director	Chairman of the Board of Directors of: Gespar S.p.A., Parmaresidenziale 1 S.r.l., Ponte Nord S.p.A.; Deputy Chairman of the Board of Directors of: Sviluppi Immobiliari Parmensi S.p.A., Eurosia S.r.l. Parco Farnese S.r.l., Diana 2 S.r.l.; Managing Director of: Parco Farnese S.r.l., Martinella S.r.l., Pizzarotti Energia S.r.l., Gesat S.c. a.r.l., BRF Property S.p.A.; Sole Director of Parma S. Teresa S.r.l.; Director of Fine Properties Monte Carlo S.A.M. Chairman of the committee of the constructors of the Union of the Industrialists of Parma (<i>Unione degli Industrialisti di Parma</i>)
Corrado Bianchi	Managing Director	Chairman of the Board of Directors of: Confer S.c. a.r.l., Consorzio B.B.M., Linea per Sorrento S.c. a.r.l., Metro Leggera S.c.p.a.; Managing Director of Modena S.c. a.r.l. in liquidation; Director of: Argentea Gestioni S.c.p.a., Pedelombarda S.c.p.a., Ontime S.r.l., Passante Dorico S.p.A., Consorzio Arccos; Consorzio Ferroviario S. Giorgio – Volla, Consorzio Ferroviario S. Giorgio – Volla Due; Chairman of the Managing Board (<i>consiglio direttivo</i>) of Consorzio Stabile Traver.

		Sud; Member of the Managing Board (consiglio direttivo) of: Cepav Uno, Cepav Due; Technical Manager of ATB – Tunnel Brennero; Technical Manager and Special Attorney of Tiliaventum S.c. a.r.l.
Giorgio Cassina.....	Managing Director	Chairman of the Board of Directors of Prisco Russia B.V.; Managing Director of: Pizzarotti S.A., Fine Properties Monte Carlo S.A.M.; Sole Director of: Pizzarotti Monaco, Immobiliare Marquet S.a.r.l., Origami S.a.r.l.; Director of: Pride Saudi Ltd.; Engeco S.A.M., Monaco Façade S.A.M.
Maurizio Fratoni	Director	Chairman of the Board of Directors of SAT S.p.A.; Alternate Member of the Managing Board (<i>consiglio direttivo</i>) of AGI – Associazione Grandi Imprese
Lidio Giordani.....	Director	Chairman of the Board of Directors of Pride Saudi Ltd.; Managing Director of Pizzarotti S.A.; Chairman of the Managing Board (<i>consiglio direttivo</i>) of Consorzio Pizzarotti Todini Kef – Eddir
Bruno Melardi.....	Director	Chairman of Aliparma S.r.l.; Director of Monte delle Vigne S.r.l.
Marco Tarantino	Director	Director of: Confer S.c. a.r.l., Linea per Sorrento S.c. a.r.l., MO.VE.FER. S.c. a.r.l., Nuova MO.VE.FER. S.c. a.r.l.; Member of the Managing Board (<i>consiglio direttivo</i>) of Cepav Due, Consorzio Ferroviario S. Giorgio – Volla Due; Alternate Member of the Managing Board (<i>consiglio direttivo</i>) of Cepav Due, Consorzio Ferroviario Vesuviano

Board of Statutory Auditors

The current Board of Statutory Auditors consists of three auditors and two alternate auditors. The shareholders' meeting held on 28 June 2013 appointed Impresa Pizzarotti's Board of Statutory Auditors for a period of three financial years, until the shareholder's meeting called to approve Impresa Pizzarotti's financial statements for the financial year ending 31 December 2015.

The following table sets out the current members of the Impresa Pizzarotti's Board of Statutory Auditors.

Name	Year of Birth	Position
PierLuigi Pernis	1941	Chairman
Angelo Anedda.....	1955	Member
Alberto Verderi	1941	Member
Michele Pelizzari	1964	Alternate Auditor
Paolo Zalera.....	1965	Alternate Auditor

The business address of the members of the Board of Statutory Auditors is the Issuer's registered office at Via Anna Maria Adorni 1, 43121, Parma (PR), Italy.

Other offices held by members of the Board of Statutory Auditors

The table below lists the offices on boards of directors, boards of statutory auditors, supervisory committees or other positions (other than those within Impresa Pizzarotti) held by the members of Impresa Pizzarotti's Board of Statutory Auditors.

Name	Position	Main positions held by Statutory Auditors outside Impresa Pizzarotti
PierLuigi Pernis	Chairman	<p>Chairman of the Board of Statutory Auditors of: Battioni e Pagani Pompe S.p.A., BP – Battioni e Pagani S.r.l., Ocme S.r.l., R. Bardi S.r.l., Sandra b S.p.A., Socogas Rete S.p.A.;</p> <p>Member of the Board of Statutory Auditors of: Continental Semences S.p.A., Immobiliare Caprazucca S.p.A., MUP – Monte Università Parma S.r.l., New House S.p.A., Socogas S.p.A.;</p> <p>Receiver (<i>Curatore</i>) of: Fallimento di Tanzi Langhirano S.p.A., Fallimento Ferrari & Zanni S.p.A., Fallimento Gruppo Non Stop S.p.A., Fallimento Edil BME S.r.l.;</p> <p>Liquidator (<i>Commissario Liquidatore</i>) of: Concordato F.Ili Pagani S.r.l.;</p> <p>Judicial Commissioner (<i>Commissario Giudiziale</i>) of: Concordato Franco Branchi S.p.A., Concordato Preventivo Chiari e Pia S.r.l.</p>
Angelo Anedda.....	Member	<p>Chairman of the Register of Chartered Accountants and Accounting Experts of Parma; Chairman of the Managing Board (<i>consiglio direttivo</i>) of the Foundation of Chartered Accountants of Parma; Council member of the Executive Committee (<i>comitato esecutivo</i>) of Banco Emiliano – Credito Cooperativo S.c.;</p> <p>Chairman of the Board of Statutory Auditors of: Casa di Cura Città di Parma S.p.A., Unionfidi Parma S.c., Pali Itali S.p.A.;</p> <p>Member of the Board of Statutory Auditors of: Buffolara S.p.A., Delicius Rizzoli S.p.A., S. Andrea Bagni Terme, G&G Footwear S.r.l., Bardiani Valvole S.p.A., Fin.dra S.p.A., CNA Servizi Parma, Parma Fish S.p.A., Alma S.r.l., CFT S.p.A., BTT S.p.A., BIT S.p.A., Esaom Cesa S.p.A., Italtrend S.p.A., Italtrend S.p.A., Italtrend C&T S.p.A.;</p> <p>Liquidator or receiver (<i>Liquidatore o Curatore</i>) of: Sove Costruzioni S.p.A., Centro servizi S.a.s di Rutigliano Marco e c., Italcamp S.r.l., Les Demoiselles d'Avignon S.r.l., ALI Corporation S.r.l., Raytec Vision S.p.A., Casa Parma S.r.l., Tecno Camin S.r.l., A Comital Sel, ISC International Steel Construction S.r.l.</p>
Alberto Verderi	Member	<p>Auditor (<i>Revisore</i>) of Fondazione Monte Parma;</p> <p>Chairman of the Board of Statutory Auditors of: Emilianaambiente S.p.A., Socogas S.p.A., Esaom Cesa S.p.A., Scar S.r.l., New House S.p.A.;</p> <p>Member of the Board of Statutory Auditors of: Opem S.p.A., Ocme S.r.l., Impresa Buia Nereo S.r.l., Continental Semences S.p.A.</p>
Michele Pelizzari	Alternate Auditor	<p>Member of the Board of Statutory Auditors of: Carboni S.p.A., Costi S.p.A., Cuts Diamant S.r.l., Azienda Oleraria</p>

	del Chianti S.r.l., Centro Commercio Ingresso S.p.A., Consorzio Agrario Parma S.c. a.r.l., Consorzio Difesa Produzioni Agricole Parma, Opera Diocesana, Enterprise costruzioni S.p.A., Tanzi Aurelio Petroli S.r.l., Fondazione Monte di Parma
Paolo Zalera..... Alternate Auditor	Member of the Board of Statutory Auditors of: OCRIM S.p.A., Tecnica Inox Meccanica S.p.A., Tonelli Group S.p.A., AGCO Italia S.p.A., SELIP S.p.A., Transfer Oil S.p.A., Hospital Piccole Figlie S.r.l., Sebastian S.p.A., C&C and Partners S.p.A., Scatolificio GABO S.r.l., SE.TRA.S. S.r.l., D-mobilelab S.p.A.

Surveillance Body / Model Pursuant to Legislative Decree No. 231/2001

Legislative Decree No. 231 of 8 June 2001 (“**Legislative Decree No. 231/2001**”) introduced into the Italian legal system a specific type of administrative liability of legal entities for certain types of criminal offences committed in the interests or for the benefit of such entities. In accordance with the provisions of the Decree No. 231/2001, Impresa Pizzarotti has adopted appropriate measures with the purpose of preventing the commission of any criminal offences by, *inter alios*, directors, auditors, management and employees.

In particular, Impresa Pizzarotti has implemented the organisational and management model as per Legislative Decree No. 231/2001 (the “**231 Model**”). The task of overseeing the proper implementation and compliance with the 231 Model and its updating has been entrusted by the Board of Directors to a supervisory body (so called Organismo di Vigilanza Interno, the “231 Supervisory Body”) having independent powers of initiative and control. The 231 Supervisory Body consists of 3 members with expertise in legal, administrative and management in the field of business management systems, and its main scope of work is to plan and execute (either directly or through the risk management function) documentary controls or, by means of audit, controls on the various Group’s business processes and operating companies, both in Italy and abroad. The results of the activities carried out by the 231 Supervisory Body are communicated regularly to the Board of Directors and also annually to the Board of Statutory Auditors.

Risk Management

Impresa Pizzarotti has implemented a risk management and internal audit structure disciplined by a specific internal procedure. Such procedure, *inter alia*, outlines the main objectives of the risk management function, such as supervising on the correct application of the constraints imposed by the 231 Model acting also in support of the 231 Supervisory Body. Moreover, the procedure defines the responsibilities and describes the operational methods for:

- identifying, measuring and monitoring corporate risk, thus supporting the Board of Directors’ decision-making process;
- safeguarding corporate assets, the efficiency and efficacy of the Group’s processes, the reliability of financial information, as well as compliance with laws and regulations;
- assessing and proposing any corrections to the organisation to increase the efficiency and efficacy of internal controls;
- coordinating the internal auditing processing and integrating, as far as possible and/or allowed by relevant provisions, the actions of various bodies responsible for the internal control of the organisation; and

- defining the programming, planning and reporting criteria for internal audits.

The operational execution of the risk management programme is charged to a risk management committee assisted by a team of qualified internal auditors, composed and coordinated under the direct responsibility of the Board of Directors. At the start of each year, the risk management committee identifies the internal organisations (e.g., areas or job orders) subject to audit and updates the risk management programme on a six-monthly basis.

Conflict of interest

There are no potential or existing conflicts of interest between the duties of the members of the Board of Directors and the Board of Statutory Auditors to Impresa Pizzarotti and their private interests or other duties.

Transactions with related parties

The Issuer enters into a number of transactions with certain related parties or its affiliates from time to time and in the ordinary course of its business. Related party transactions are conducted at arm's length based on prevailing market conditions.

In particular, the Group is currently involved in a real estate transaction where the Group's reference shareholders (i.e. the Pizzarotti family) also have a direct interest. Namely, Impresa Pizzarotti holds, indirectly through Pizzarotti S.A., a 42% equity interest in FPMC, a limited liability company incorporated in 2011 under the Monégasque Law, as a special purpose vehicle for the execution of a real estate operation in Monte Carlo. The remaining share capital of such company is held by an important Monaco family (with a 40% equity interest) and the Pizzarotti family (with a 18% equity interest). However, the Group has maintained the control over the company based on the governance structure adopted. For further information on the Monte Carlo initiative, see “– *Impresa Pizzarotti's subsidiaries – Fine Properties Monte Carlo S.A.M.*” above.

Although the Issuer holds an interest in the consortia, consortium companies and special-purpose companies through which it operates its construction activities and although the corresponding consortia, consortium companies and special-purpose companies may be deemed related parties, the Issuer does not consider them as such, given that they represent a manner in which projects are typically conducted in the Issuer's business.

SHAREHOLDERS

As of the date of this Prospectus, Impresa Pizzarotti has a share capital of Euro 250,000,000.00 divided into 250,000,000 ordinary shares having a nominal value of Euro 1.00 each. Impresa Pizzarotti's shares are not listed on a regulated market nor on other trading venues.

As at the date of this Prospectus, Mipien S.p.A. is the majority shareholders of Impresa Pizzarotti, holding 95.41% of its share capital. The following table shows the main shareholders of Impresa Pizzarotti, based on its shareholders' register.

Shareholder	Ownership Interest
Mipien S.p.A. ⁽¹⁾	96.21%
Paolo Pizzarotti	3.21%
Impresa Pizzarotti & C. S.p.A. (treasury shares).....	0.58%

Total..... 100%

⁽¹⁾ 1.0% of Mipien S.p.A.'s share capital is directly held by Paolo Pizzarotti. In addition, each of Pietro Pizzarotti, Michele Pizzarotti and Enrica Pizzarotti directly holds a 33.0% stake in Mipien S.p.A. in the form of remainder interest (*nuda proprietà*), while the usufruct (*usufrutto*) on such three stakes is held by Paolo Pizzarotti.

Impresa Pizzarotti is controlled pursuant to Article 2359, paragraph 1, No. 1, of the Italian Civil Code by Mipien S.p.A., which does exercise direction and coordination of Impresa Pizzarotti, in accordance with Article 2497 and following of the Italian Civil Code.

INDEPENDENT AUDITORS

The independent auditors ascertain whether the accounting records are properly maintained and record faithfully the results of operations. They also determine whether the statutory financial statements and the consolidated financial statements are consistent with the data contained in the accounting records and the results of their audits and whether they comply with the requirements of the applicable statutes. They may also perform additional reviews required by industry regulations and provide additional services that the board of directors may ask them to perform, provided they are not incompatible with their audit assignment.

The Issuer's current independent auditors are Pricewaterhouse Cooper S.p.A., with registered office at Via Monte Rosa, 91, 20149 Milan ("**PwC**").

PwC is an accounting firm registered under No. 119644 in the Register of Accountancy Auditors (Registro Revisori Legali) held by the Ministry of Economy and Finance in compliance with the provisions of Legislative Decree no. 39 of 27 January 2010. PwC is also a member of ASSIREVI (Associazione Nazionale Revisori Contabili), the Italian association of auditing firms.

PwC's current appointment was conferred by the shareholders' meeting held on 28 June 2013 and will expire on the date of the shareholders' meeting convened to approve Impresa Pizzarotti's financial statements for the financial year ending 31 December 2015.

PwC audited the consolidated annual financial statements of the Issuer for the financial years ended 31 December 2012 and 31 December 2013.

RECENT DEVELOPMENTS

Design and construction of Sebes – Turda Highway – Lot 1 in Romania

In June 2014, Impresa Pizzarotti, as lead contractor of a joint venture (consisting of Impresa Pizzarotti, holding a 90 per cent. equity interest, and Pomponio Constructii S.r.l., holding a 10 per cent. equity interest), was awarded the international tender held by Compania Nationala de Autostrazi si Drumuri Nationale din Romania S.A. for the design and construction of the Lot 1 of the Sebes – Turda highway in Romania comprising 17.0 kilometers. The contract value for Impresa Pizzarotti amounts to approximately Euro 123.0 million.

Parma Urban District and Area Crocetta

Each of Impresa Pizzarotti and Coopsette Soc. Coop. ("**Coopsette**") holds a 50 per cent. equity interest in Parco Farnese S.r.l., a company acting as promoter for the Parma Urban District real estate project (see "*– Real Estate segment – Domestic market*" above), as well as a smaller project

located in the Crocetta area in Parma, relating to the construction of a new craft trade and business district comprising for a total of approximately 120,000 sqm.

Coopsette recently entered into a debt restructuring procedure pursuant to article 182-*bis* of Italian Royal Decree No. 267 of 16 March 1942 (the so-called Bankruptcy Law) and, consequently, is currently not able to assure its commitments in the two projects.

Further to such procedure, Impresa Pizzarotti is considering, in order to complete the projects by the scheduled date, to acquire the remaining 50 per cent. interest in the projects currently held by Coopsette. In this respect, as of the date of this Prospectus negotiations are ongoing and the Issuer expects to finalise them during the course of 2014.

Loan agreement with Banca Popolare dell'Emilia Romagna Soc. Coop.

Impresa Pizzarotti is currently negotiating with a pool of banks led by Banca Popolare dell'Emilia Romagna Soc. Coop. in respect of an unsecured loan amounting to Euro 20.0 million with a duration of 48 months. 50 per cent. of the loan will be guaranteed by SACE S.p.A. The loan agreement will contain customary representations and warranties and undertakings for transactions of this kind and will not provide for any financial covenants.

The Issuer intends to use amounts borrowed under such loan to support and enhance the growth of the Group in the international markets.

REGULATORY FRAMEWORK

General

Impresa Pizzarotti is subject to comprehensive regulatory provisions under Italian and EU law, as well as in all local jurisdictions in which it operates, including zoning laws, public tender laws, health and safety laws, anti-money laundering laws, anti-corruption laws and competition laws.

In particular, Impresa Pizzarotti is subject to Legislative Decree No. 231/2001, and has implemented a compliance programme based on models prescribed under such decree. Legislative Decree No. 231/2001 provides for the administrative liability of corporate entities for crimes committed in their interest or to their advantage by certain individuals such as employees, directors and representatives. Crimes which could cause a corporate entity's administrative liability pursuant to Legislative Decree No. 231/2001 include, among other things, crimes committed when dealing with public administrations (including bribery, misappropriation of public contributions and fraud to the detriment of the state), corporate crimes, environmental crimes and crimes of manslaughter or serious injury in violation of provisions on health and safety at workplace.

Legislative Decree No. 231/2001 compliance programmes provide a defence from administrative liability to companies that have implemented such programmes, insofar as the individuals or agents who committed crimes which could trigger the corporate entity's administrative liability acted in furtherance of their own interest or in the interest of third parties not related to the company or the company had effectively implemented a Legislative Decree No. 231/2001 compliance programme and had appointed an independent body or officer to supervise the compliance programme. To foster best practice, Impresa Pizzarotti has also implemented compliance programmes based on the requirements of Legislative Decree No. 231/2001 in other operating companies of the Group.

Impresa Pizzarotti's Legislative Decree No. 231/2001 compliance programmes include risk identification exercises related to Legislative Decree No. 231/2001 crimes, establishing procedures to prevent such acts, creating information reporting channels to the compliance body or officer and establishing a system of disciplinary sanctions for employees or agents found to have violated Legislative Decree No. 231/2001. See "*Risk Factors – Risks Relating to the Issuer and the Group – Risks related to the extensive legal, administrative and regulatory requirements to which the Issuer is subject and to changes in regulations*".

Impresa Pizzarotti believes it is currently in material compliance with all regulations that apply to its activities.

Furthermore, Impresa Pizzarotti is subject to Legislative Decree No. 59 of 6 September 2011, the "*Code of the anti-Mafia laws and measures of prevention in addition to new provisions on anti-Mafia documentation, according to Articles 1 and 2 of law No. 136 of 13 August 2010*", which provides, *inter alia*, that anti-mafia documentation must be acquired by public authorities, public bodies, state-controlled companies or businesses, public works concessionaires and general contractors before entering into, approving or authorising certain public contracts and subcontracts relating to works, services and supplies.

Italy

Construction regulatory regime

The Group generally enters contracts with public sector entities pursuant to public tenders which are regulated by, *inter alia*, Legislative Decree No. 163 of 12 April 2006 as amended from time to

time (the “**Italian Code of Public Contracts**”) and its implementing regulations set forth under Presidential Decree No. 207 of 5 October 2010 (the “**Implementing Regulations**” and, together with the Italian Code of Public Contracts, the “**Italian Public Contracts Laws**”). The Italian Public Contracts Laws include provisions applicable to all public works, both above and below the EC threshold (*i.e.*, Euro 5,186,000) for public works contracts.

The Italian Public Contracts Laws provide for six main procedures to award public contracts:

- the open procedure, in which any party may submit a tender bid as long as the criteria in the tender procedures are satisfied;
- the restricted procedure, in which any economic operator may request to participate and only the parties invited by the relevant public sector entity may take part in the tendering procedure;
- the negotiated procedure with previous publication of the call for tender, in which the public sector entities shall negotiate with tenderers the tenders submitted by them, in order to adapt them to the requirements which they have set in the contract notice, the specifications and additional documents, if any, and to seek out the best tender. During the negotiations, the public sector entities shall ensure the equal treatment of all tenderers. Such procedure may be adopted strictly upon the occurrence of the following circumstances: (a) irregular tenders or submission of tenders which are unacceptable in response to an open or restricted procedure or a competitive dialogue insofar as the original terms of the contract are not substantially altered and (b) public works contracts for works which are performed solely for purposes of research, testing or development. The public sector entities may provide for the negotiated procedure to take place in successive stages to reduce the number of tenders to be negotiated by applying the award criteria in the contract notice or the specifications;
- the negotiated procedure, in which the public sector entities, without previous publication of the call for tender, consult at least three economic operators of their choice, if available on the market, and negotiate the terms of contract with one or more of these. Such procedures may be adopted strictly upon the occurrence of certain conditions (*i.e.*, urgency). Regardless of the above mentioned conditions, in the case of public works contracts, such procedure is applicable whenever the value of the contract to be awarded does not exceed Euro 1.0 million. In this case, however, the relevant public sector entities must invite at least five bidders to submit the tender for contracts with values not exceeding Euro 0.5 million, and at least ten bidders for contracts between Euro 0.5 million and Euro 1.0 million;
- the competitive dialogue (applicable in the case of particularly complex contracts), in which any economic operator may request to participate and whereby the public sector entities conduct a dialogue with the candidates admitted to the procedure, with the aim of developing one or more suitable alternatives, on the basis of which the selected candidates are invited to tender; and
- the project financing procedures regulated by Article 153 of the Italian Code of Public Contracts and applicable in the case of contracts financed, in whole or in part, with private capitals.

The contract is awarded by the public sector entities on the basis of the following award criteria:

- (a) the lowest price;

- (b) the most economically advantageous tender (in such cases, different elements are taken into account by the public sector entities, such as, among other things, quality, price, technical merit, aesthetic and functional characteristics, environmental characteristics, running costs, cost-effectiveness).

Furthermore, the Group can enter contracts for the planning and building of public infrastructure acting as general contractor. Pursuant to Articles 162 and 176 of Italian Code of Public Contracts, the public sector entities may award public work to general contractors which are required to meet specific organisational and technical requirements and are responsible for the planning and realisation of public strategic infrastructure projects satisfying the needs of the relevant public sector entity. The general contractor must finance in advance, in whole or in part, the planning and realisation of the work. The responsibility of the general contractor for the realisation of the work is qualified as an obligation which requires the achievement of a specific result (“*obbligazione di risultato*”).

Any deed of the tender procedures, including the award act, may be challenged before the competent Administrative Regional Court (*Tribunale Amministrativo Regionale*, “**TAR**”) in order to obtain the annulment of the challenged deed. The decision of the TAR may be appealed before the Supreme Court for Administrative Matters (*Consiglio di Stato*). In this respect, several measures aimed at speeding up the administrative judicial proceedings were recently introduced by Article 40 of Decree 90/2014 (as defined below).

In the executive phase of the contract, the public sector entities are generally entitled to terminate a contract should the relevant contractor: (a) fail (or delay) to perform the contract’s obligations; (b) fail to maintain the requirements prescribed by the Italian Public Contracts Laws and/or the public sector entities; and/or (c) be convicted for certain serious crimes.

In addition, the public sector entities are entitled to withdraw at will by paying to the contractor: (i) the works performed or the services supplied and the raw materials placed in the construction site; and (ii) 10 per cent. of the non-performed works or services.

Variations to the works in progress may be authorised by the public sector entities only in the following cases:

- (a) needs arising from new legislative and/or regulatory rules;
- (b) unforeseen and unforeseeable events/circumstances ascertained under the Implementing Regulations, or due to new materials, products, technologies becoming available which were not available at the time of the signing of the contract, and which can result in an improvement of the quality of the performances without any increase in costs provided that such variations do not substantially alter the project design;
- (c) events related to the kind of goods or unforeseen and unforeseeable archaeological findings within the worksite, including the subsoil;
- (d) geological, hydric or similar events; and
- (e) mistakes and/or omissions in the executive design that have adverse effects on the implementation of the works, in whole or in part.

If the amount of any such positive variation does not exceed 20 per cent. of the original value of the contract, the public sector entity is entitled to require the contractor to accept such changes at the same conditions set forth in the contract without additional compensation or indemnity other than the compensation for any additional work to be performed. In the event that the positive variations

exceed 20 per cent. of the contract value, the contractor is entitled (i) to withdraw; or (ii) negotiate different conditions with the public sector entity. Negative variations of the contract, not exceeding 20 per cent. of the original value of the contract, may always be ordered by the public sector entity, irrespective of the conditions listed under letters a) – e) above.

In any case, the contractor is liable for the delays or the variations to the works depending on mistakes and/or omissions in the executive design made by the contractor. If the value of the variations attributable to mistakes and/or omissions in the executive design exceeds 20 per cent of the original value of the contract, the public sector entity must terminate the contract and call for a new public tender to which the previous contractor must be invited.

As a result of a termination of the contract for such reasons, the public sector entity is required to pay to the contractor an amount equal to the value of (i) the works executed and services provided up to such termination, and (ii) 10 per cent. of the non-performed works up to 80 per cent. of the amount of the contract. Variations in the exclusive interest of the public sector entities are always permitted when aimed at improving the works and their functionality, provided that such variations (i) do not substantially alter the project and (ii) are caused by unforeseen/ unpredictable events. Such variations may not exceed 5 per cent. of the original value of the contract.

Pursuant to Article 37 of Law Decree No. 90 of 24 June 2014 (“**Decree 90/2014**”), the variations to the works in progress listed under points b), c) and d) above, together with the executive design, the validation deed and a special report by the head of the procedure (*responsabile del procedimento*) must be filed with the National Anticorruption Body (“**ANAC**” - *Autorità nazionale anticorruzione e per la valutazione e la trasparenza delle amministrazioni pubbliche*) within 30 days from their approval by the competent public sector entity, for its assessments and for the adoption of possible measures, as the case may be.

During the performance of the works, the contractor is obliged to provide the public sector entities with the following insurances/bonds:

- (i) performance bond;
- (ii) insurance policy for damages to the works;
- (iii) insurance policy for damages to third parties;
- (iv) any other bond which may be requested in relation to specific project requirements.

According to Article 1667 of the Italian Civil Code, Article 141 of the Italian Code Public Contracts and Article 229 of the Implementing Regulations, the contractor is liable for defects in the works for two years starting from the issuance of the provisional test certificate. Moreover, the public contracts provide that the contractor has to file an insurance policy for damages to the works and third parties for a ten-year period starting from the provisional test, taking into account that, pursuant to Article 1669 of the Italian Civil Code, the contractor is liable towards the public sector entities for possible serious defects or ruin of the works for a ten-year period. In the event of discovery of defects during the liability period, the public sector entities could request to the contractor to remove and repair the defects.

During the execution of public works, in the event of differences between the actual amounts and the provisions set forth by the tender specifications, the contractor may raise objections regarding the accounting of the works. In such instance, the contractor may record claims (*riserve*) in the accounting register (*registro di contabilità*) held by the director of the works on behalf of the public

sector entities. Such provisions must be recorded, under forfeiture of right, according to the specific procedures and timing set forth by the Italian Public Contracts Laws.

Italian Law Decree No. 70 of 13 May 2011 (“**Decree 70/2011**”) introduced certain amendments to Article 240-*bis* of the Italian Code of Public Contracts pursuant to which claims (*riserve*) (i) cannot exceed 20 per cent. of the aggregate value of the contract, and (ii) cannot be made with respect to design aspects which have been subject to the “*validation*” procedure. These rules determine a significant limitation to the ability of a contractor to recover claims with respect to contracts entered into after the entry into force of Decree 70/2011. In order to obtain payment of claims for projects already validated, contractors must successfully challenge the validation of a project by proving omissions and/or deficiencies in the validation process.

According to Article 112-*bis* of the Italian Code of Public Contracts, for projects exceeding Euro 20 million in value to be awarded through a restrictive procedure, a preliminary consultation among the interested parties is required.

In June 2013, the Italian government approved Law Decree No. 69 of 21 June 2013 (the “**Decree 69/2013**”, also known as “*Decreto del Fare*”), on urgent measures to re-launch the Italian economy; Decree 69/2013 was subsequently amended and converted into Law No. 98 of 9 August 2013. Decree 69/2013 provides for a number of measures aimed at introducing a series of major changes in respect of, among other things, tenders, infrastructures and town planning in order to re-launch the construction sector.

In respect of infrastructure, Article 18 of Decree 69/2013 establishes a special fund of Euro 2,069 million to be used to finance certain public works currently stalled, identified by the same Decree 69/2013 and to be confirmed by a resolution expected to be taken by CIPE (*Comitato Interministeriale per la Programmazione Economica*) as an implementing measure of the decree.

Article 19 of Decree 69/2013 provides for certain tax incentives applicable to (i) the realization of new infrastructures whose value exceeds Euro 200 million, to the extent such new infrastructures are deemed of national strategic importance and the final project is approved by 31 December 2016, and (ii) the so-called project bonds.

Decree 69/2013 also amends several provisions of the Italian Code of Public Contracts. In particular, as to public works:

- the application of the rules governing the special performance bond (*garanzia globale di esecuzione*) required in relation to public work contracts whose value exceeds Euro 100 million or integrated work contracts (*i.e.*, executive design and execution of the relevant works) exceeding Euro 75 million has been postponed until 30 June 2014; and
- in respect of contracts awarded from 21 August 2013 and until 31 December 2014, the contractor is entitled to receive an advance equal to 10 per cent. of the relevant overall compensation by the relevant awarding public sector entity.

Law Decree 90/2014 introduces extraordinary measures aimed at preventing corruption in the sector of the public work, services or supply contracts with respect to companies involved in proceedings for corruption or bid rigging (*turbativa d’asta*). In brief, in the event that the judicial authority commences proceedings for the prosecution of certain crimes (*e.g.*, bribery, extortion, etc.) or when abnormal situations which are symptomatic of criminal activities are recorded in relation to companies which are awardees of public contracts, the chief of ANAC (*Autorità Nazionale Anticorruzione*) submits to the competent authority (*i.e.*, *prefetto*) the adoption of the following

alternative measures: (a) to order the renewal of the corporate bodies by way of replacement of the individuals involved in the criminal proceedings and, in case the company does not comply with this order, to manage the company until the completion of the disputed public contract; (b) to directly manage the company until the completion of the public contract.

Legislative developments on the concession matters

On 28 March 2014, Directive 2014/24/EU on public procurement and Directive 2014/25/EU for procurements awarded by companies operating in the sectors of transport, water, energy and postal services were published on the Official Journal of the European Union (jointly the “**Public Procurement Directives**”).

The Public Procurement Directives are mainly aimed at modernising and simplifying the existing rules on the public contracts. The Member States shall implement the relevant provisions by 18 April 2016 (except for the e-procurement, where the deadline is scheduled for September 2018). Thus, the actual impact of the aforementioned new regulations on the Italian Public Contracts Laws may be assessed only following their implementation within the Italian legislative framework.

Concessions regulatory regime

The Italian Code of Public Contracts also regulates public works concessions defined as contracts related to the realisation, or executive design, or final design and realization of public works or of works of public utility, together with their functional and economic management. Unlike construction contracts, concession agreements do not provide for the payment of a consideration for the construction works.

Indeed, consideration for the works carried out by the concessionaire consists either solely in the right to exploit the works functionally and economically or in such right together with an availability fee to be paid during the operation of the work.

Pursuant to Article 143 of the Italian Code of Public Contracts, the term of concessions must not generally exceed 30 years, except for cases in which the expected profitability of the investment, the risks and payment by the public sector entities for the concession as compared to the value of the project justify a longer duration.

Bids and contracts must contain an economic and financial plan covering the entire term of the concession, with the indication of the funding resources for the investment and the residual value of such investments at the end of the concession.

The regime of the concessions under Article 143 of the Italian Code of Public Contracts has been amended by recent legislative measures aimed at promoting private capitals in the financing of concessions. In particular:

- (i) the duration of the concessions whose value exceed one billion euro may be fixed up to 50 years;
- (ii) in order to ensure the economic and financial balance of the concession, the public sector entity may provide for a public contribution or the transfer of the ownership or other real estate rights in favour of the concessionaire as consideration for the concession;
- (iii) upon occurrence of certain events such as variations requested by the public sector entities or changes in law the concessionaire is entitled to claim for the revision of the economic and financial plan: the revision of the economic and financial plan is subject to the evaluation made by certain regulatory authorities.

Decree 69/2013 also added Section 144, paragraph 3-*quater*, to the Italian Code of Public Contracts. According to such paragraph, the call for tender is required to state that the concession agreement will include a termination clause in the event that the facility agreement is not executed or the project bond is not issued and subscribed within a term to be set in the concession agreement, (which in any case cannot exceed 24 months from the approval of the definitive design of the project). Without prejudice to the right of the concessionaire to procure alternative form of financing within the same term, in the event of termination of the concession agreement due to the lack of the private funds, the concessionaire is not entitled to recover any costs and expenses borne for the project, including those related to the design activities. The call for the tender may provide that in case the concessionaire obtains only part of the private funds, the concession agreement will be not terminated to the extent that such private funds are sufficient to complete a functional portion of the project.

The Italian Public Contracts Laws provide for the following procedures to award concessions:

- the open procedure in which any party may submit a tender bid as long as the criteria in the tender procedures are satisfied;
- the restricted procedure in which only parties invited by the relevant public sector entity may take part in the tendering procedure; and
- the project financing procedures regulated by Article 153 the Italian Code of Public Contracts.

Furthermore, under the new regime adopted by Decree 69/2013, (i) the awarding public sector entity may consult, in the restrictive procedure, the economic operators in the preliminary tender stage for the purposes of ascertaining the bankability of the project; and (ii) the tender rules may provide for a bid to be accompanied by a letter of interest of one or more financial institutions and for the subsequent concession contract to be terminated should the relevant loan agreement not be executed or the relevant project bonds remain unsubscribed.

The rules relating to variations, bonds and claims (reserves) described under “*Construction regulatory regime*” are also applicable to concession agreements. With particular reference to the concessions awarded through the project financing scheme, Article 156 of Italian Code of Public Contracts provides that the call for tender must provide that the awardee is entitled, following the award, to set up a special purpose vehicle in the form of a joint-stock or limited liability company, or a consortium. The special purpose vehicle replaces the awardee in the concession agreement, without the need of any approval by the public sector entity.

Without prejudice to specific provisions contained in the concession agreement regarding the terms and conditions of the transfer of the participations in the special purpose vehicle by the shareholders or financial investors, the Italian Code of Public Contracts provides that the shareholders having the qualifications necessary to perform the concession agreement may not transfer their participation in the special purpose vehicle until the issuance of a test certificate (*collaudo*). In addition, the shareholders are jointly liable with the special purpose vehicle vis-à-vis the public sector entity for the possible repayment of any public grants paid by public sector entities to the SPV, except for the case in which the special purpose vehicle provides the public sector entity with bank and insurance guarantees.

Article 158, paragraph 1 of Italian Code of Public Contracts sets forth that in the event of early termination of the concession agreement as a consequence of revocation for reasons of public interest or default by the public sector entity, the concessionaire is entitled to receive by the public sector entity:

- (i) the value of the works carried out plus additional charges, net of depreciation and amortization or, in the event that the works have not yet been tested, the costs actually borne by the concessionaire;
- (ii) the forfeit (*penali*) and other costs borne or to be borne as a result of the early termination;
- (iii) an indemnity, by way of compensation for loss of earnings, equal to 10 per cent of the works value still to be executed or the service still to be operated.

According to Article 158, paragraph 2 of the Italian Code of Public Contracts, the amounts listed under (i), (ii) and (iii) above are to be used primarily for the reimbursement of the lenders' outstanding debt. Article 158, paragraph 3 of the Italian Code of Public Contracts provides that the revocation of the concession agreement will be effective, when the amounts listed under (i), (ii) and (iii) above mentioned will be paid to the concessionaires.

Article 159 of the Italian Code of Public Contracts, as amended by Law No. 27 of 24 March 2012, regulates the so called "*step-in right*" of the lenders in the event of a concessionaire's default that entitles the public administration to terminate the concession. Pursuant to such provision, the lenders are entitled to appoint another company as concessionaire subject to the satisfaction of all the following conditions: a) the appointment must take place within the terms indicated in the concession or other different term indicated by the public sector entity in the notice of termination of the contract to be sent to the financiers; b) the new project company designed by the lenders must meet requirements corresponding to those provided by the tender procedure, taking into account the actual situation and the progress of the project at the step-in date; c) the concessionaire's default must cease within 90 days or other period agreed with the public sector entity.

Pursuant to the above provision of law, upon exercise of the statutory step-in rights, the lenders may avoid the termination of the concession agreement and the appointed company will succeed in all of the special purpose vehicle's legal relationships with the public sector entity.

The appointment of the new company can be refused by the public sector entity only if the company designated by the lenders does not have the requirements mentioned above.

Legislative developments on the concession matters

On 28 March 2014, the Directive 2014/23/EU on the award of concession contracts (the "**Concession Directive**") was published on the Official Journal of the European Union. The Concession Directive regulates *ex novo* both work and service concessions. The relevant provisions shall be implemented in Italy by 18 April 2016. One of the most interesting aspects of the Concession Directive for investors relates to the correct allocation of the risks between public sector entity and concessionaire and the changes occurred in the method of calculating the estimated value of a concession.

Article 5 of the Concession Directive clarifies that the award of a works (or services) concession shall involve the transfer to the concessionaire of an operating risk in exploiting those works or services encompassing demand or supply risk or both. The concessionaire shall be deemed to assume operating risk where, under normal operating conditions, it is not guaranteed to recoup the investments made or the costs incurred in operating the works or the services which are the subject-matter of the concession. The part of the risk transferred to the concessionaire shall involve real exposure to the vagaries of the market, such that any potential estimated loss incurred by the concessionaire shall not be merely nominal or negligible. The demand or supply risks are then better specified by the *consideranda* 18, 19 and 20 of the Concession Directive.

As to the method of calculating the estimated value of a concession, such calculation should refer to the total turnover of the concessionaire in consideration of the works and services being the object of the concession, as estimated by the contracting authority or the contracting entity, excluding VAT, over the duration of the contract.

Specific rules on the performance of the concessions were also introduced in relation to their duration, the modifications allowed during their term and the termination cases.

The concessions shall be a limited duration in order to avoid market foreclosure and restriction of competition. In particular, for concessions lasting more than five years, the maximum duration of the concession shall not exceed the time that a concessionaire could reasonably be expected to take to recoup the investments made in operating the works or services together with a return on invested capital taking into account the investments required to achieve the specific contractual objectives. The investments taken into account for the purposes of the calculation shall include both initial investments and investments during the life of the concession.

Considering that the concession contracts typically involve long-term and complex technical and financial arrangements which are often subject to changing circumstances, the Concession Directive expressly allows the parties to modify a concession during its performance within certain thresholds and under specific conditions set forth by Article 43 of the Concession Directive. Pursuant to such article, the concession may be amended, *inter alia*: (a) where the modifications, irrespective of their monetary value, have been provided for in the initial concession documents in clear, precise and unequivocal review clauses, which may include value revision clauses, or options. Such clauses shall state the scope and nature of possible modifications or options as well as the conditions under which they may be used. They shall not provide for modifications or options that would alter the overall nature of the concession; (b) where a new concessionaire replaces the one to which the contracting authority or the contracting entity had initially awarded the concession as a consequence of either: (i) universal or partial succession into the position of the initial concessionaire, following corporate restructuring, including takeover, merger, acquisition or insolvency, of another economic operator that fulfils the criteria for qualitative selection initially established provided that this does not entail other substantial modifications to the contract and is not aimed at circumventing the application of the Concession Directive; or (ii) in the event that the contracting authority or contracting entity itself assumes the main concessionaire's obligations towards its subcontractors where this possibility is provided for under national legislation; (c) where the modifications, irrespective of their value, are not substantial according to the provisions of the Concession Directive.

Finally, the concessions may be then terminated during their term, upon occurrence of one or more of the following circumstances: (a) a modification of the concession has taken place, which would have required a new concession award procedure pursuant to Article 43 of the Concession Directive; (b) the concessionaire was, at the time of concession award, in one of the situations referred to in Article 38, paragraph 4, and should therefore have been excluded from the concession award procedure (*i.e.*, when the concessionaire has been the subject of a conviction by final judgment for one material crime set forth by the Concession Directive); (c) the Court of Justice of the European Union finds, in a procedure pursuant to Article 258 TFEU, that a Member State has failed to fulfil its obligations under the Treaties by the fact that a contracting authority or contracting entity belonging to that Member State has awarded the concession in question without complying with its obligations under the Treaties and the Directive.

Being understood the principles set forth by the Concession Directive, the actual impacts of the aforementioned regulations will strongly depend on the modalities, terms and limitations by which the relevant provisions will be implemented in the Italian legislative framework.

Subcontracts

Public works can be subcontracted in accordance with terms and conditions set forth by the Italian Public Contracts Laws, which provides for a restricted and regulated use of subcontractors, as well as the specific rules of the tender procedure. Article 118 of the Italian Code of Public Contracts provides that (i) general and special works constituting the “*prevailing category*” of the awarded contract, and (ii) highly specialised works can be subcontracted only up to 30 per cent. of the work value to be subcontracted. All other categories of works can be subcontracted in full.

Some categories of works, require specific qualifications. In this respect, Article 12 of Law Decree No. 47 of 3 March 2014 as amended by Law No. 80 of 23 May 2014, reduced the number of categories of works requiring special qualifications, maintaining it only with respect to categories of works which are complex from a technical or technological point of view. Moreover, according to the aforementioned Article 12, the contractor qualified for the “*prevailing category*” of the works is entitled to execute all the contracted works, even if it has not the required qualifications for the specialized works to the extent that such works do not exceed certain threshold, or, alternatively, may subcontract the specialized works to companies in possession of the relevant qualifications.

The subcontracts are subjected to prior authorisation by the public sector entities to be issued within a 30 day term on the basis of a verification of the requirements required to the subcontractor to perform the subcontract.

Limitations do not apply to subcontracts (i) the value of which is lower than (a) 2 per cent. of the value of the works awarded in the original contract or (b) Euro 100,000, and (ii) the labour component of the contract cost is lower than 50 per cent. of the value of the subcontract. Such subcontracts are exempt from the rules set forth under Article 118 of the Italian Public Contracts Laws (except for the rules set forth under paragraph 3 of Article 118 on a public sector entity's control regarding the payment of the subcontractors by the contractor) and are only subject to the prior notification to the public sector entities of the name of the subcontractor, the value of the subcontract and the description of the works, supplies or services to be subcontracted.

In the case of subcontracts, the contractor is the only entity liable vis-à-vis the public sector entities for any defaults due to the subcontractors. Should this be the case, the contractor would be entitled to claim against the subcontractor for any breach of the subcontract.

Health and Safety Provisions set forth by Legislative Decree 81/2008

During the performance of public works, both the concessionaire and the contractor are required to comply with the regulations relating to health and safety on worksites. In Italy, such sector is governed by Legislative Decree No. 81 of 9 April 2008 (“**Legislative Decree 81/2008**”). In the case of a breach of the provisions of Legislative Decree No. 81/2008 the following sanctions may apply: (i) suspension of the works; (ii) application of specific pecuniary fines and criminal penalties.

TAXATION

The statements herein regarding Italian taxation summarise the principal Italian tax consequences of the purchase, the ownership, the redemption and the disposal of the Notes.

This is a general summary that does not apply to certain categories of investors and does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. It does not discuss every aspect of Italian taxation that may be relevant to a Noteholder if such Noteholder is subject to special circumstances or if such Noteholder is subject to special treatment under applicable law.

This summary also assumes that the Issuer is resident in the Republic of Italy for tax purposes, is structured and conducts its business in the manner outlined in this Prospectus. Changes in the Issuer's organisational structure, tax residence or the manner in which it conducts its business may invalidate this summary. This summary also assumes that each transaction with respect to the Notes is at arm's length. Where in this summary English terms and expressions are used to refer to Italian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian concepts under Italian tax law.

*Law Decree No. 83 of 22 June 2012 ("**Decree 83**"), converted into law, with amendments, by Law No. 134, of 7 August 2012, has changed the tax regime applicable to certain financial instruments, including bonds and securities similar to bonds issued by unlisted companies. In particular, Decree 83 has extended the tax regime applicable to bonds and securities similar to bonds issued by listed companies to same financial instruments issued by unlisted companies, provided that certain conditions are met (i.e., listing of the relevant instruments), as described below. Article 3 of Law Decree No. 66, of 18 April 2014, converted into Law No. 89, of 23 June 2014 ("**Decree 66**") introduced a general reform of financial income and capital gains pursuant to which, inter alia, save for certain exceptions, such kind of income are subject to withholding (or substitutive) tax at 26 per cent rate (instead of the previous 20 per cent rate) starting from 1 July 2014. Provisional rules are set forth by the Decree 66, which are not described herein. Other changes have been recently introduced by Law Decree No. 91 of 24 June 2014 ("**Decree 91**"), published on the Official Gazette No. 144 of 24 June 2014, extending the tax regime applicable to bonds and securities similar to bonds issued by listed companies also to unlisted bonds issued by unlisted companies to the extent such bonds are held only by qualified investors in the meaning of Article 100 of the Financial Services Act. Decree 91 shall be converted into law within 60 days from the date it has been published on the Official Gazette, otherwise provisions contained therein shall be considered as never enacted.*

This overview assumes that the Notes are listed on a regulated market or on a multi-lateral trading platform of any EU Member State or of a State party to the European Economic Area which is included in the white list provided for by Article 168-bis of Presidential Decree No. 917, of 22 December 1986 (e.g. Euroclear and Clearstream, Luxembourg).

The statements herein regarding taxation are based on the laws in force in the Republic of Italy as of the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The Issuer will not update this summary to reflect changes in laws and if such a change occurs the information in this summary could become invalid.

Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences under Italian tax law, under the tax laws of the country in which they are

resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.

Interest on the Notes

Legislative Decree No. 239 of 1 April 1996, as amended, (“**Decree 239**”) regulates the income tax treatment of interest, premium and other income (including any difference between the redemption amount and the issue price, hereinafter collectively referred to as “**Interest**”) from notes falling within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by:

- (a) companies whose shares are traded (*negoziare*) on a regulated market or on a multi-lateral trading platform of any EU Member State or of a State party to the European Economic Area which is included in the white list provided for by Article 168-bis of Presidential Decree No. 917 of 22 December 1986; or
- (b) companies whose shares are not listed as indicated above, provided that the notes are listed on the aforementioned regulated markets or platforms; or
- (c) companies whose shares are not listed, when also the notes are not listed, provided that the notes are held only by qualified investors in the meaning of Article 100 of the Financial Services Act.

For this purpose, securities similar to bonds are securities issued in mass that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value and that do not allow any direct or indirect participation either in the management of the issuer or in the business in connection with which they have been issued, nor any control on such management.

Italian resident Noteholders

Where an Italian resident Noteholder, who is the beneficial owner of the Notes, is (i) an individual not engaged in a business activity to which the Notes are effectively connected (unless he has opted for the application of the *risparmio gestito* regime, see paragraph “*Capital Gains*” below), (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, Interest payments relating to the Notes are subject to a substitutive tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent as from 1 July 2014 (either when the Interest is paid by the Issuer, or when payment thereof is obtained by the Noteholder on a sale of the relevant Notes). The *imposta sostitutiva* may not be recovered by the Noteholder as a deduction from the income tax due.

If the Notes are held by an investor engaged in a business activity and the Notes are effectively connected with the same business activity, the Interest is subject to the *imposta sostitutiva* and is included in the relevant income tax return. As a consequence, the Interest is subject to the ordinary income tax and the *imposta sostitutiva* may be recovered as a deduction from the income tax due.

Pursuant to the Decree 239, *imposta sostitutiva* is levied by banks, *società di intermediazione mobiliare* (SIMs), *società di gestione del risparmio* (SGRs), fiduciary companies, stock exchange agents and other entities identified by the relevant Decrees of the Italian Ministry of Economy and Finance (the “**Intermediaries**”).

An Intermediary must satisfy the following conditions:

- (i) it must be: (a) resident in Italy; or (b) a permanent establishment in Italy of an intermediary resident outside of Italy; or (c) an organisation or company non-resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Economy and Finance (which includes Euroclear and Clearstream) having appointed an Italian representative for the purposes of Decree 239; and
- (ii) intervene, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of *imposta sostitutiva*, a transfer of the Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes.

Where the Notes are not deposited with an Intermediary, *imposta sostitutiva* is applicable and withheld by any Italian bank or any Italian intermediary paying Interest to a Noteholder or, in case of direct payment of Interest by the Issuer, by the Issuer itself.

The *imposta sostitutiva* regime described herein does not apply in cases where the Notes are held in a discretionary investment portfolio managed by an authorised intermediary pursuant to the so-called discretionary investment portfolio regime (*Risparmio Gestito* regime as defined and described in “*Capital Gains*”, below). In such a case, Interest is not subject to *imposta sostitutiva* but contributes to determine the annual net accrued result of the portfolio, which is subject to an *ad-hoc* substitutive tax of 26 per cent on the results.

The *imposta sostitutiva* also does not apply to the following subjects, to the extent that the Notes and the relevant coupons are deposited in a timely manner, directly or indirectly, with an Intermediary:

(a) *Corporate investors*

Where an Italian resident Noteholder is a corporation or a similar commercial entity (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected), Interest accrued on the Notes must be included in: (i) the relevant Noteholder’s yearly taxable income for the purposes of corporate income tax (“**IRES**”), generally applying at the current ordinary rate of 27.5 per cent; and (ii) in certain circumstances, depending on the status of the Noteholder, also in its net value of production for the purposes of regional tax on productive activities (“**IRAP**”), generally applying at the rate of 3.5 per cent (certain categories of taxpayers, including banks, financial entities and insurance companies, are subject to higher IRAP rates). The IRAP rate can be increased by regional laws up to a certain threshold. Said Interest is therefore subject to general Italian corporate taxation according to the ordinary rules;

(b) *Investment funds*

Italian investment funds (including a *fondo comune d’investimento*, or a SICAV, as well as Luxembourg investment funds regulated by Article 11-*bis* of Law Decree No. 512 of 30 September 1983, collectively, the “**Funds**”) are neither subject to substitutive tax nor to any other income tax, *provided that* either the Fund or the Fund’s manager is subject to the supervision of a regulatory authority. Proceeds payable by the Funds to their quotaholders is generally subject to a 26 per cent withholding tax;

(c) *Pension funds*

Pension funds (subject to the tax regime set out by Article 17 of Legislative Decree No. 252 of 5 December 2005, the “**Pension Funds**”) are subject to an 11 per cent substitutive tax on their annual net accrued result. Interest on the Notes is included in the calculation of such annual

net accrued result. A provisional increase of the tax rate to 11.5 per cent applies for the annual net accrued interest of 2014; and

(d) *Real estate investment funds*

Interest payments in respect of the Notes to Italian resident real estate investment funds established pursuant to Article 37 of the Financial Services Act (the “**Real Estate Investment Funds**”) are generally subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the same Real Estate Investment Funds. Unitholders are generally subject to a 26 per cent withholding tax on distributions from the Real Estate Investments Funds. Law Decree No. 70 of 13 May 2011, (converted with amendments by Law No. 106 of 12 July 2011,) has introduced certain changes to the tax treatment of the unitholders of Real Estate Investment Funds, including a direct imputation system (tax transparency) for certain non-qualifying unitholders (e.g., Italian resident individuals) holding more than 5 per cent. of the units of the fund.

Non-Italian resident Noteholders

An exemption from *imposta sostitutiva* on Interest on the Notes is provided with respect to certain beneficial owners resident outside of Italy, not having a permanent establishment in Italy to which the Notes are effectively connected. In particular, pursuant to the Decree 239 the aforesaid exemption applies to any beneficial owner of an Interest payment relating to the Notes who: (i) is resident, for tax purposes, in a country which allows for a satisfactory exchange of information with the Republic of Italy (as currently listed by Ministerial Decree dated 4 September 1996 and which will be included in a new list to be enacted by a ministerial decree to be issued pursuant to Law No. 244 of 24 December 2007 – a “**White List Country**”); or (ii) is an international body or entity set up in accordance with international agreements which have entered into force in the Republic of Italy; or (iii) is the Central Bank or an entity also authorised to manage the official reserves of a country; or (iv) is an institutional investor which is established in a White List Country, even if it does not possess the status of taxpayer in its own country of establishment (each, a “**Qualified Noteholder**”).

The exemption procedure for Noteholders who are non-resident in Italy and are resident in a White List Country identifies two categories of intermediaries:

- (i) an Italian or foreign bank or financial institution (there is no requirement for the bank or financial institution to be EU resident) (the “**First Level Bank**”), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); and
- (ii) an Italian resident bank or SIM, or a permanent establishment in Italy of a non-resident bank or SIM, acting as depository or sub-depository of the Notes appointed to maintain direct relationships, via electronic link, with the Italian tax authorities (the “**Second Level Bank**”). Organisations and companies non-resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Economy and Finance (which include Euroclear and Clearstream) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian resident bank or SIM, or permanent establishment in Italy of a non-resident bank or SIM, or a central depository of financial instruments pursuant to Article 80 of the Financial Services Act) for the purposes of the application of Decree 239.

In the event that a non-Italian resident Noteholder deposits the Notes directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank.

The exemption from the *imposta sostitutiva* for the Noteholders who are non-resident in Italy is conditional upon:

- (i) the deposit of the Notes, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and
- (ii) the submission to the First Level Bank or the Second Level Bank of a statement of the relevant Noteholder (*autocertificazione*), to be provided only once, in which it declares that it is eligible to benefit from the exemption from *imposta sostitutiva*. Such statement must comply with the requirements set out by a Ministerial Decree dated 12 December 2001, is valid until withdrawn or revoked and needs not to be submitted where a certificate, declaration or other similar document for the same or equivalent purposes was previously submitted to the same depository. The above statement is not required for non-Italian resident investors that are international bodies or entities set up in accordance with international agreements entered into force in the Republic of Italy or Central Banks or entities also authorised to manage the official reserves of a State.

Additional requirements are provided for “*institutional investors*”.

In the case of non-Italian resident Noteholders not having a permanent establishment in Italy to which the Notes are effectively connected, the *imposta sostitutiva* may be reduced (generally to 10 per cent) or eliminated under certain applicable tax treaties entered into by Italy, if more favourable, subject to timely filing of the required documentation.

Capital Gains

Italian resident Noteholders

Pursuant to Legislative Decree No. 461 of 21 November 1997, (“**Decree 461**”) a 26 per cent capital gains tax (the “**CGT**”) is applicable to capital gains realised on any sale or transfer of the Notes for consideration by Italian resident individuals (not engaged in a business activity to which the Notes are effectively connected), regardless of whether the Notes are held outside of Italy.

For the purposes of determining the taxable capital gain, any Interest on the Notes accrued and unpaid up to the time of the purchase and the sale of the Notes must be deducted from the purchase price and the sale price, respectively.

Taxpayers can opt for one of the three following regimes:

- (a) Tax return regime (*Regime della Dichiarazione*)

The Noteholder must assess the overall capital gains realised in a certain fiscal year, net of any incurred capital losses, in his annual income tax return and pay the CGT so assessed together with the income tax due for the same fiscal year. Losses exceeding gains can be carried forward into the following fiscal years up to the fourth following fiscal year. Since this regime constitutes the ordinary regime, the taxpayer must apply it to the extent that the same does not opt for any of the two other regimes;

- (b) Non-discretionary investment portfolio regime (*Risparmio Amministrato*)

The Noteholder may elect to pay the CGT separately on capital gains realised on each sale or transfer of the Notes. Such separate taxation of capital gains is allowed subject to (i) the Notes

being deposited with banks, SIMs or other authorised intermediaries and (ii) an express election for the *Risparmio Amministrato* regime being made in writing by the relevant Noteholder. The *Risparmio Amministrato* lasts for the entire fiscal year and unless revoked prior to the end of such year will be deemed valid also for the subsequent one. The intermediary is responsible for accounting for the CGT in respect of capital gains realised on each sale or transfer of the Notes, as well as in respect of capital gains realised at the revocation of its mandate. The intermediary is required to pay the relevant amount to the Italian tax authorities, by deducting a corresponding amount from the proceeds to be credited to the Noteholder. Where a particular sale or transfer of the Notes results in a net loss, the intermediary is entitled to deduct such loss from gains subsequently realised on assets held by the Noteholder with the same intermediary and within the same deposit relationship, in the same fiscal year or in the following fiscal years up to the fourth following fiscal year. The Noteholder is not required to declare the gains in his annual income tax return; and

(c) Discretionary investment portfolio regime (*Risparmio Gestito*)

If the Notes are part of a portfolio managed by an Italian asset management company, capital gains are not subject to the CGT, but contribute to determine the annual net accrued result of the portfolio. Such annual net accrued result of the portfolio, even if not realised, is subject to an *ad-hoc* 20 per cent. (26 per cent. as from 1 July 2014) substitutive tax, which the asset management company is required to levy on behalf of the Noteholder. Any losses of the investment portfolio accrued at year end may be carried forward against net profits accrued in each of the following fiscal years, up to the fourth following fiscal year. Under such regime the Noteholder is not required to declare the gains in his annual income tax return.

The aforementioned regime does not apply to the following subjects:

(a) *Corporate investors*

Capital gains realised on the Notes by Italian resident corporate entities (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected) form part of their aggregate income subject to IRES. In certain cases, capital gains have also to be included in the taxable net value of production of such entities for IRAP purposes. The capital gains are calculated as the difference between the sale price and the relevant tax value of the Notes. Upon fulfilment of certain conditions, the gains may be taxed in equal instalments over up to five fiscal years.

(b) *Funds*

Capital gains realised by the Funds on the Notes are not taxable at the level of same Funds (see Italian Resident Noteholders, above).

(c) *Pension Funds*

Capital gains realised by Pension Funds on the Notes contribute to determine their annual net accrued result, which is subject to an *ad-hoc* substitutive tax (see "*Italian Resident Noteholders*", above).

(d) *Real Estate Investment Funds*

Capital gains realised by Real Estate Investment Funds on the Notes are not taxable at the level of same Real Estate Investment Funds (see "*Italian Resident Noteholders*", above).

Non Italian resident Noteholders

Capital gains realised by non-resident Noteholders (not having permanent establishment in Italy to which the Notes are effectively connected) on the disposal of the Notes are not subject to tax in Italy, regardless of whether the Notes are held in Italy, subject to the condition that the Notes are traded in a regulated market in Italy or abroad.

Should the Notes not be traded in a regulated market as indicated above, the aforesaid capital gains would be subject to tax in Italy, if the Notes are held by the non-resident Noteholder therein. Pursuant to Article 5 of Decree 461, an exemption, however, would apply with respect to beneficial owners of the Notes, which are Qualified Noteholders.

In any event, non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a tax treaty with Italy providing that capital gains realised upon sale or transfer of Notes are taxed only in the country of tax residence of the recipient, will not be subject to tax in Italy on any capital gains realised upon any such sale or transfer.

Transfer taxes

Transfer tax (*tassa sui contratti di borsa*), previously applicable on transfers of the Notes, has been repealed. Following the repeal of the Italian transfer tax, as from 31 December 2007, contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds (*atti pubblici e scritture private autenticate*) executed in Italy should be subject to fixed registration tax; (ii) private deeds (*scritture private non autenticate*) should be subject to fixed registration tax only in “case of use” or voluntary registration.

Inheritance and gift tax

Inheritance and gift taxes apply on the overall net value of the relevant transferred assets, at the following rates, depending on the relationship between the testate (or donor) and the beneficiary (or donee):

- (i) 4 per cent. if the beneficiary (or donee) is the spouse or a direct ascendant or descendant (such rate only applying on the net asset value exceeding, for each person, Euro 1.0 million);
- (ii) 6 per cent. if the beneficiary (or donee) is a brother or sister (such rate only applying on the net asset value exceeding, for each person, Euro 100,000);
- (iii) 6 per cent. if the beneficiary (or donee) is a relative within the fourth degree or a direct relative-in-law as well an indirect relative-in-law within the third degree; and
- (iv) 8 per cent. if the beneficiary is a person, other than those mentioned under (i), (ii) and (iii), above.

In case the beneficiary has a serious disability recognised by law, inheritance and gift taxes apply on its portion of the net asset value exceeding Euro 1.5 million.

Stamp duty

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (the “**Decree 201**”), as subsequently amended and supplemented by Law No. 147 of 27 December 2013, a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to a Noteholder in respect of any Notes which may be deposited with such financial intermediary. The stamp duty applies at a rate of 0.2 per cent; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal

value or redemption amount of the Notes held. The stamp duty cannot exceed Euro 14,000 for taxpayers different from individuals.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 9 February 2011) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

Wealth tax on securities deposited abroad

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Notes outside the Italian territory are required to pay a wealth tax at a rate of 0.2 per cent. Such tax is due only in cases where the stamp duty described in the previous paragraph (*Stamp duty*) is not due. This tax is calculated on the market value of the Notes at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Tax monitoring

Pursuant to Law Decree No. 167 of 28 June 1990, converted by Law No. 227 of 4 August 1990, as amended, individuals resident in Italy who, at the end of the fiscal year, hold investments abroad or have financial activities abroad must, in certain circumstances, disclose the aforesaid and related transactions to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return). Law No. 97 of 6 August 2013 has introduced certain amendments to the tax monitoring regime, including, *inter alia*: (i) exclusion from the disclosure obligations of the inbound and outbound transfers and other transfers occurring abroad in relation to securities; (ii) inclusion within the disclosure obligations of investments held abroad indirectly by the Italian investor (e.g. through a company or another entity).

EU Savings Directive

On 3 June 2003, the European Union adopted the EU Council Directive 2003/48/EC, regarding the taxation of savings income in the form of interest payments (the “**EU Savings Directive**”). Under the EU Savings Directive, Member States are required to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person within its jurisdiction to (or for the benefit of) an individual and certain other persons in another Member State, except that Luxembourg and Austria may instead impose a withholding system for a transitional period in relation to such payments, deducting tax at rates rising over time to 35 per cent. (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld) unless during such period they elect otherwise. The transitional period will terminate at the end of the first fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. The Luxembourg government has announced its intention to introduce, as of 1 January 2015, automatic exchange of information in conformity with the EU Savings Directive.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within their jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have

entered into reciprocal provisions of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a paying agent in a Member State to, or collected by such a paying agent for, an individual resident in one of those territories.

The Council of the European Union has adopted a directive (the “**Amending Directive**”) which will, when implemented, amend and broaden the scope of the requirements of the EU Savings Directive described above. The Amending Directive will expand the range of payments covered by the EU Savings Directive, in particular to include additional types of income payable on securities, and the circumstances in which payments must be reported or paid subject to withholding. For example, payments made to (or for the benefit of) (i) an entity or legal arrangement effectively managed in an EU Member State that is not subject to effective taxation, or (ii) a person, entity or legal arrangement established or effectively managed outside of the EU (and outside any third country or territory that has adopted similar measures to the EU Savings Directive) which indirectly benefit an individual resident in an EU Member State, may fall within the scope of the EU Savings Directive, as amended. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

The EU Savings Directive was implemented in Italy by Legislative Decree No. 84 of 18 April 2005. Pursuant to said decree Italian paying agents (e.g., banks, SIMs, SGRs, financial companies and fiduciary companies resident in Italy for tax purposes, permanent establishments in Italy of non-resident persons as well as any other person resident in Italy for tax purposes paying interest for professional or commercial reasons) shall report to the Italian tax authorities details of interest payments made to individuals which qualify as beneficial owners thereof and are resident for tax purposes in another EU Member State. Such information will be transmitted by the Italian tax authorities to the competent authorities of the State of residence of the beneficial owner of the interest payment by 30 June of the fiscal year following the fiscal year in which said interest payment is made.

Prospective investors resident in a Member State of the European Union should consult their own legal or tax advisers regarding the consequences of the EU Savings Directive in their particular circumstances.

Financial Transaction Tax

On 14 February 2013, the EU Commission adopted a proposal for a Council Directive (the “**Draft Directive**”) on a common financial transaction tax (“**FTT**”). According to the Draft Directive, the FTT shall be implemented and enter into effect in eleven EU Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia; the “**Participating Member States**”), that propose to enact this tax, on 1 January 2014. Pursuant to the Draft Directive, the FTT would be payable on financial transactions *provided that* at least one party to the financial transaction is established or deemed established in a Participating Member State and there is a financial institution established or deemed established in a Participating Member State which is a party to the financial transaction. Among others, FTT would however not be payable on primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

The rates for the FTT would be fixed by each Participating Member State but would amount for transferrable financial instruments other than derivatives to at least 0.1 per cent. of the taxable amount. The taxable amount would in general be determined by reference to the consideration paid

or owed in return for the transfer. The FTT would be payable by each financial institution established or deemed established in a Participating Member State which is a party to the financial transaction. Where the FTT due has not been paid timely, each party to a financial transaction, including persons other than financial institutions would become jointly and severally liable for the payment of the FTT due.

In particular the sale, purchase and exchange of the Notes would be subject to the FTT at a minimum rate of 0.1 per cent. provided the above-mentioned prerequisites are met. The holder may be liable to pay this charge or reimburse a financial institution for the charge and/or the charge may affect the value of the Notes. To the contrary, the issuance of Notes under the Programme would not be subject to FTT.

The Draft Directive is still subject to negotiations among the Participating Member States and therefore might be changed at any time. Moreover, the provision of the Draft Directive once adopted (the "**Directive**") need to be implemented into the respective domestic laws of the Participating Member States and the domestic provisions implementing the Directive might deviate from the provisions contained in it. Prospective holders of the Notes should consult their own tax advisers in relation to the consequences of the FTT associated with subscribing, purchasing, holding and disposing the Notes.

FATCA

Whilst the Notes are in global form and held within Euroclear Bank S.A./N.V. or Clearstream Banking, société anonyme (together, the "**ICSDs**"), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the common safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the securities. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, definitive notes will only be printed in remote circumstances.

SUBSCRIPTION AND SALE

The Sole Bookrunner has, in a subscription agreement dated 31 July 2014 (the “**Subscription Agreement**”) and made between the Issuer and the Sole Bookrunner upon the terms and subject to the conditions contained therein, agreed to subscribe for the Notes at their issue price of 98.489 per cent. of their principal amount less a combined commission as set out therein. The Issuer has also agreed to reimburse the Sole Bookrunner for certain of its expenses incurred in connection with the management of the issue of the Notes. The Sole Bookrunner is entitled in certain circumstances to be released and discharged from its obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

United Kingdom

The Sole Bookrunner has further represented, warranted and undertaken that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

United States of America

The Notes have not been and will not be registered under the Securities Act and the Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons. The Sole Bookrunner has agreed that it will not offer, sell or deliver any Notes within the United States or to U.S. persons, except as permitted by the Subscription Agreement.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) pursuant to Italian securities legislation and, accordingly, the Sole Bookrunner has represented and agreed that no Notes may be offered, sold or delivered nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*) as defined in Article 34-*ter*, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended (“*Regulation No. 11971*”); or
- (b) in circumstances where an exemption from the rules governing public offers of securities applies, pursuant to Article 100 of Decree No. 58 of 24 February 1998, as amended and Article 34-*ter*, first paragraph of CONSOB Regulation No. 11971.

Any such offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy must be in compliance with the selling restrictions under (a) and (b) above and must be:

- (a) made by an investment firm, bank or financial intermediary licensed to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of 24 February 1998, CONSOB Regulation No. 16190 of 29 October 2007 and Legislative Decree No. 385 of 1 September 1993 (in each case as amended from time to time); and
- (b) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy or any other Italian authority.

France

The Sole Bookrunner has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*), and/or (c) a limited circle of investors (*cercle restreint*) acting for their own account, as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 and D.411-4 of the French Code monétaire et financier.

General

The Sole Bookrunner has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Prospectus or any other offering material relating to the Notes. Persons into whose hands this Prospectus comes are required by the Issuer and the Sole Bookrunner to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

GENERAL INFORMATION

Authorisation

1. The creation and issue of the Notes has been authorised by a resolution of the Board of Directors of the Issuer dated 21 July 2014, registered with the Companies' Register of Parma on 22 July 2014.

Listing and Admission to Trading

2. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Main Securities Market. The total expenses related to the admission of the Notes to trading on the Irish Stock Exchange's regulated market are expected to amount to approximately € 4,940.
3. The Bank of New York Mellon SA/NV, Dublin Branch is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the Main Securities Market for the purposes of the Prospectus Directive.

Legal and Arbitration Proceedings

4. Save as disclosed in this Prospectus in the section "*Description of the Issuer – Legal Proceedings*", there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer and the Group.

Significant/Material Change

5. Since 31 December 2013 there has been no material adverse change in the prospects of the Issuer or the Group. Since 31 December 2013 there has been no significant change in the financial or trading position of the Issuer or the Group.

Auditors

6. The independent auditors of the Issuer are PricewaterhouseCoopers S.p.A. ("**PWC**"), whose registered office is at Via Monte Rosa, 91, 20149 Milan, Italy. PWC is registered under No. 119644 in the Register of Accountancy Auditors (Registro Revisori Legali) held by the Italian Ministry of Economy and Finance in compliance with the provisions of Legislative Decree No. 39 of 27 January 2010, and is also a member of ASSIREVI (Associazione Nazionale Revisori Contabili), the Italian association of auditing firms. PWC has audited the Issuer's accounts, prepared in accordance with International Financial Reporting Standards adopted in the European Union and the Italian regulations implementing Article 9 of Legislative Decree No. 38/05, without qualification, in accordance with auditing standards recommended by CONSOB for the financial years ended 31 December 2013 and 31 December 2012. The auditors of the Issuer are independent accountants in respect of the Issuer.

Documents on Display

7. For so long as the Notes remain outstanding, physical or electronic copies of the following documents (together, where appropriate, with English translations thereof), upon publication, may be inspected during normal business hours at the offices of the Fiscal Agent at One

Canada Square, London E14 5AL, United Kingdom, for 12 months from the date of this Prospectus:

- (a) the By-laws (*statuto*) of the Issuer;
- (b) this Prospectus;
- (c) the Fiscal Agency Agreement; and
- (d) the Issuer's 2013 and 2012 Annual Consolidated Financial Statements.

In addition, the Issuer regularly publishes its annual interim financial statements on its website at www.pizzarotti.it.

Clearing Systems

- 8. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN code is XS1093511720 and the common code is 109351172. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

Potential Conflicts of Interest

- 9. The Sole Bookrunner and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions (including, without limitation, the provision of loan facilities) with, and may perform services for the Issuer and its affiliates in the ordinary course of business.
- 10. In addition, in the ordinary course of their business activities, the Sole Bookrunner and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the issuer's affiliates or any entity related to the Notes. The Sole Bookrunner and its affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Sole Bookrunner and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Sole Bookrunner and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the avoidance of doubt, the term "affiliates" shall include parent companies.

Yield

- 11. On the basis of the issue price of the Notes of 98.489 per cent. of their principal amount, the gross real yield of the Notes is 5.100 per cent. on an annual basis.

Legend Concerning US Persons

- 12. The Notes and any Coupons appertaining thereto will bear a legend to the following effect: "Any United States person who holds this obligation will be subject to limitations under the

United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.

Post-issuance Information

13. The Issuer will not provide any post-issuance information, except if required by any applicable laws and regulations.

REGISTERED OFFICE OF THE ISSUER

Impresa Pizzarotti & C. S.p.A.

via Anna Maria Adorni, 1
43121 Parma
Italy

FISCAL AGENT AND PAYING AGENT

The Bank of New York Mellon, London Branch

One Canada Square
London E14 5AL
United Kingdom

LISTING AGENT

The Bank of New York Mellon SA/NV, Dublin Branch

Hanover Building
Windmill Lane
Dublin 2
Ireland

LEGAL ADVISERS

To the Issuer as to Italian and English law:

Legance – Avvocati Associati

Via Dante, 7
20123 Milan
Italy

To the Sole Bookrunner as to English and Italian law:

**Studio Legale Associato
in association with Linklaters LLP**

Via Broletto, 9
20121 Milan
Italy

AUDITORS TO THE ISSUER

PricewaterhouseCoopers S.p.A.

Via Monte Rosa, 91
20149 Milan
Italy

ADVISER TO THE ISSUER

Nextam Partners SIM S.p.A.

Via Bigli, 11
20121 Milan
Italy

SOLE BOOKRUNNER

Goldman Sachs International

Peterborough Court
133 Fleet Street
London EC4A 2BB
United Kingdom

