

PROSPECTUS



EI Towers S.p.A.

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

€230,000,000

3.875 per cent. Notes due 26 April 2018

The issue price of the €230,000,000 3.875 per cent. Notes due 26 April 2018 (the "Notes") of EI Towers S.p.A. (the "Issuer" or "EI Towers") is 99.444 per cent. of their principal amount.

Unless previously redeemed or cancelled, the Notes will be redeemed at their principal amount on 26 April 2018. 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 100 per cent. of its principal amount together with accrued and unpaid interest (if any) upon the occurrence of a Put Event (as defined below). See "*Terms and Conditions of the Notes — Redemption and Purchase*".

The Notes will bear interest from 26 April 2013 (the "Issue Date") at the rate of 3.875 per cent. per annum payable annually in arrear on 26 April each year commencing on 26 April 2014. 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 obligation 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 the regulated market of the Irish Stock Exchange or other regulated markets 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 and trading on its regulated market.

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 Managers (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, up to and including €199,000, each with interest coupons attached. No Notes in definitive form will be issued with a denomination above €199,000. See "*Summary of Provisions Relating to the Notes in Global Form*".

The Notes will be rated BBB by Fitch Ratings Ltd. ("Fitch"). Fitch is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "CRA Regulation"). Fitch appears on the latest update of the list of registered credit rating agencies on the ESMA website <http://www.esma.europa.eu>.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

JOINT LEAD MANAGERS

Banca IMI

BNP PARIBAS

Mediobanca

UniCredit Bank

CO-LEAD MANAGER

Banca Akros S.p.A. – Gruppo Bipiemme – Banca Popolare di Milano

Prospectus dated 24 April 2013

IMPORTANT NOTICES

This document comprises a prospectus for the purposes of Article 5.3 of the Prospectus Directive.

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 Banca IMI S.p.A., BNP Paribas, Mediobanca – Banca di Credito Finanziario S.p.A. and UniCredit Bank AG (the "**Joint Lead Managers**") and to Banca Akros S.p.A. – Gruppo Bipiemme – Banca Popolare di Milano (the "**Co-Lead Manager**", and, together with the Joint Lead Managers, the "**Managers**") that this Prospectus contains all information regarding the EI Towers 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 EI Towers 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.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers, BNP Paribas Trust Corporation UK Limited as trustee (the "**Trustee**") or BNP Paribas Securities Services, Luxembourg Branch as principal paying agent (the "**Principal Paying Agent**") as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the Notes or their distribution.

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 Managers.

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 its 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 its 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 any of the Managers that any recipient of this Prospectus or any other information supplied in connection thereto or any Notes 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 any of the Managers to any person to subscribe for or to purchase any Notes.

This Prospectus does not constitute an offer of, or an invitation to subscribe for or 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 Managers to inform themselves about and to observe any such restrictions. 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.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

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.

Stabilisation

In connection with the issue of the Notes, UniCredit Bank AG (the "Stabilising Manager") (or any person 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 "anticipates", "believes", "estimates", "expects", "intends", "may", "plans", "projects", "will", "would" or similar words. 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 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. Future events or actual results could differ materially from those set forth in, contemplated by or underlying forward-looking statements. The Issuer does not undertake any obligation to publicly update or revise any forward-looking statements.

Market share information and statistics

This Prospectus contains information and statistics regarding the market share of the EI Towers Group, which are derived from, or are based upon, the Issuer's analysis of data obtained from the sources set out in the footnotes to the chapter "*Description of the Issuer*" below. Such data have been reproduced accurately in this Prospectus and, as far as the Issuer is aware and is able to ascertain from information published by such entities, no facts have been omitted which would render such reproduced information inaccurate or misleading. Although the Issuer believes that the external source used is reliable, the Issuer

has not independently verified the information provided by the source. Furthermore, this Prospectus contains statements regarding the Issuer's industry and its relative competitive position in the industry that are not based on published statistical data or information obtained from independent third parties, but are based on the Issuer's experience and its own investigation of market conditions, including its own elaborations of such published statistical or third-party data. Although the Issuer's estimates are based on information obtained from its customers, sales force, trade and business organisations, market survey agencies and consultants, government authorities and associations in its industry which it believes to be reliable, there is no assurance that any of these assumptions are accurate or correctly reflect the Issuer's position in the industry. None of the Issuer's internal surveys or information have been verified by independent sources.

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RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and its consolidated subsidiaries (together the "**Group**" or the "**EI Towers Group**") and the industry in which it and the Group operates together with all other information contained in this Prospectus, including, in particular the risk factors described below. Words and expressions defined in the "*Terms and Conditions of the Notes*" below or elsewhere in this Prospectus have the same meanings in this section.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and/or its Group and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Prospectus and their personal circumstances.

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

Risks related to the Issuer and/or the Group

Risks related to the relevant impact of certain clients on the Group's revenues

In 2012, the Group's revenues generated from the top 10 clients accounted for approximately 89 per cent. of the total revenues, indicating a significant concentration of commercial counterparts.

The Issuer's main clients are television and telephone companies of high standing, including Mediaset S.p.A., Telecom Italia Media S.p.A., Telecom Italia S.p.A., Vodafone S.p.A., Wind S.p.A. and H3G S.p.A. which represent approximately 87 per cent. of the total revenues (with Mediaset accounting for approximately 76 per cent.) (See "*Description of the Issuer – Markets in which the Issuer operates*").

However unlikely, if relationships with such major clients were terminated, it could negatively impact the Group's economic and financial situation, with possible consequences on the Issuer's ability to fulfil its obligations under the Notes.

Risks related to the Group's exposure to credit risk arising from its commercial activity

Credit risk represents the Group's exposure to potential losses that could be incurred if a commercial or financial counterpart fails to meet its obligations. This risk arises primarily from economic and financial factors (*i.e.*, where the counterpart defaults on its obligations), as well as from factors that are technical and commercial or administrative and legal in nature (disputes over the type/quantity of goods supplied, the interpretation of contractual clauses, supporting invoices, etc.).

The Group's exposure to credit risk is due mainly to the concentration of its commercial relationship with 10 major clients (see "*Risks related to the relevant impact of certain clients on Group revenues*" above).

A single default by a major financial counterparty, or a significant increase in current default rates by counterparties generally, could have an adverse effect on the market value of the Notes and/or on the Issuer's ability to repay the Notes in full at their maturity.

Risks related to the breach of, or the non-compliance with, the measures and the undertakings imposed by the Italian competition authority (Autorità Garante della Concorrenza e del Mercato) upon authorisation of the Merger

On 14 December 2011, the Italian relevant competition authority (*Autorità Garante della Concorrenza e del Mercato*, the "**Italian Competition Authority**") with Order No. 23117 (the "**Competition Authority Order**") approved the Merger subject to a number of measures and undertakings imposed on the Issuer (see "*Description of the Issuer - Measures imposed by the Italian Competition Authority in authorising the Merger*").

A breach of, or non-compliance with, any of the measures and undertakings imposed by the Italian Competition Authority could result in sanctions ranging between 1 per cent. and 10 per cent. of the Issuer's total revenues, which could have an adverse effect on the financial position and results of operations of the Group and, consequently, an adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

Risks related to contractual and administrative structure of the sites in the Tower sector

The Group's tower operator business relies on a portfolio of sites.

The Group's structures are located on land which is (i) owned by the Group, and/or (ii) leased. In relation to structures built on leased land, such leases may not be renewed upon termination, resulting in the Issuer having to return the land on which some of its structures have been built to the owner in its original condition. Furthermore, even where leases are renewed, it cannot be guaranteed that these would be renewed on the same contractual conditions as currently leased and there is therefore the possibility of a renewed lease resulting in a less profitable managing of the sites for the Issuer.

Furthermore, some towers managed by the Group, in particular those acquired in the past, were built at a time in which the sector was undergoing significant regulatory changes. As a consequence, in certain circumstances the Group might be required by the relevant authority to regularise the license of certain sites. Where, in such circumstances, it would result impossible to render the sites compliant with current regulations, or where the competent authorities impose strict obligations on the Issuer in relation to those sites and/or for the sites to be substantially modified, the operative conditions of such sites could also be affected and/or higher investments or management costs could apply, which could potentially have negative consequences for the Group's net assets and its economic and financial situation.

Risks related to issuance and/or withdrawal of administrative authorisation

The Issuer's performance depends on the possibility it has to maintain and manage its portfolio of sites, occasionally also by updating and restructuring its sites or even by building new manufacturing plants. Regulatory authorisations are required in order to be able to update and restructure its already existing sites and/or build such new plants. Before requesting the relevant permits, the Issuer undertakes an in-depth technical-legal analysis of, among other things: (i) the potential environmental impact of the planned activities, and (ii) any potential limitation (as for example, zoning issues) and restrictions (for example, land use restrictions, archaeological, water and geological issues or military issues) on the targeted site.

Such permits and authorisations are generally restrictive in nature or may be based on technical evaluations, so whenever an authorisation is wholly or partly denied it may be subject to judicial review in administrative courts which will determine whether they are legitimate. Notwithstanding the Issuer's preliminary analysis and the right to review the regulator's decision, there is the risk (applicable to all who operate in this field) that an application for authorisation is denied, that the authorisation is only partly granted or that it may be granted on a slower schedule than it normally would be under the law. Failure to obtain the necessary permits to update and restructure its sites or build new plants might cause delay in granting of other authorisations relating to the Group's clients which are supposed to be hosted on the relevant sites, thus resulting in a negative impact on the Group's net assets and its economic and financial situation, which may affect the Issuer's ability to fulfil its obligations under the Notes.

Risks related to legal and administrative procedures

The Issuer is party to a number of legal and administrative proceedings arising in the ordinary course of its business (see "*Description of the Issuer — Legal Proceedings*"). In particular, the Issuer is involved in a number of administrative proceedings regarding some transmission sites used by the Group for hosting its clients. On the basis of the information available, the Issuer does not expect an unfavourable outcome of these cases and the management of the Issuer believes that potential losses resulting from an unfavourable outcome of such proceedings would not cause material damage on the Group and its activities. On the basis of long lasting juridical experience, the Issuer believes that it is highly unlikely that the final outcome of an administrative proceeding would result in the immediate demolition of a site without allowing the Group to work on other solutions equally satisfactory to its clients. For these reasons, the Issuer has not allocated any material funds to cover potential liabilities arising from such proceedings.

However, it is possible that in future years the Group may incur losses in connection with pending legal claims and proceedings owing to: (i) uncertainty regarding the final outcome of each proceeding; (ii) the occurrence of new developments that management could not take into consideration when evaluating the likely outcome of each proceeding in order to accrue the risk provisions as of the date of the latest financial statements; (iii) the emergence of new evidence and information and (iv) underestimation of probable future losses. Adverse outcomes in existing or future litigation could have adverse effects on the financial position and results of operations of the Group and consequently an adverse impact on the market value of the Notes and/or on the Issuer's ability to repay the Notes in full at their maturity.

Risks related to financing requirements

Future performance of the Group depends, among other things, on its ability to meet its payment obligations and to make scheduled investments by using available operating cash flow and cash and by turning to the capital markets or other sources of financing.

There is a risk that new financial resources may not be available (funding liquidity risk) or the Issuer may be unable to convert assets into cash on the market (asset liquidity risk), meaning that it may not be able to meet its payment commitments or continue investments. This may materially and adversely affect the Issuer's results of operations and financial condition should the Issuer be obliged to incur extra costs to meet its financial commitments or continue investments or, in extreme cases threaten the Issuer's future as a going concern and lead to insolvency. The Issuer's approach to liquidity risk is to have a financial structure which ensures an adequate level of liquidity for the Group.

While EI Towers has taken steps to ensure adequate levels of cash flow and liquidity, a decrease in revenues could negatively impact the ability of the Group to generate cash flow and in addition there are no guarantees that the Issuer will be capable of obtaining loans and financing from other sources under the same or better conditions as those currently available to it. This may adversely affect the Issuer's results and financial condition with possible consequences on the Issuer's ability to fulfil its obligations under the Notes.

The Issuer's ability to borrow in the bank or capital markets to meet the financial requirements of the Group is also dependent on, among other things, favourable and prevailing market conditions. (See "*Risks related to the current disruption in the global financial markets and associated impacts*" below)

Risks related to the current disruption in the global financial markets and associated impacts

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

Risks related to ratings

As of the date of this Prospectus, the Issuer has been rated BBB (long-term) by Fitch. Fitch is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). As such Fitch is included in the list of credit ratings agencies published by the

European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation.

Generally, a credit rating assesses the credit worthiness of an entity and informs an investor about the probability of the entity being able to redeem invested capital. It is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Credit ratings play a critical role in determining the costs for entities accessing the capital market in order to borrow funds and the rate of interest they can achieve. A decrease in credit ratings by Fitch may increase borrowing costs or even jeopardise further issuance. The prices of the existing bonds may deteriorate following a downgrade.

In addition, the Issuer's credit ratings are potentially exposed to risk in reductions of the sovereign credit rating of the Republic of Italy. On the basis of the methodologies used by Fitch, a potential downgrade of Italy's credit rating may have a potential knock-on effect on the credit rating of Italian issuers such as the Issuer and increase the likelihood that the credit rating of Notes could be downgraded, with a consequent adverse effect on the market value of the Notes.

Risks related to the value of the goodwill

As of 31 December 2012 the goodwill of the Group amounted to Euro 454,1 million, of which Euro 198,4 million arising from the Merger, such amount having been subjected to the impairment test required by IFRS (IAS 36), which estimates the recoverable amount of goodwill.

The recoverable amount of goodwill, for impairment test purposes is based on a combination of evaluation methodologies of common application and subjective parameters and indicators, with the scope of evaluating the profitability and financial strength of the company. These parameters and indicators can be inferred from the Issuer's financial statement.

The parameters applied, and the information used, in applying the impairment test to the value of goodwill are significantly influenced by macroeconomics and market conditions, which could be subject to rapid and unpredictable changes. The parameters to be applied in the future can, therefore, change in a way which is not predictable at present.

As a consequence of the unpredictable change in the indicators and parameters applicable in the future the carrying value of the goodwill might be impaired in the future with a potentially significant impact on the economic results of the Group.

Risks related to the presentation of the Issuer's financial and certain other data indicated in the Prospectus and compatibility of such financial data

The Issuer as it currently stands is the result of the merger by incorporation (the "**Merger**") of EI Towers S.p.A. ("**Pre-Merger EI Towers**") (a company wholly owned by Elettronica Industriale S.p.A. ("**Elettronica Industriale**")) into DMT S.p.A. ("**DMT**"). Following the Merger, DMT changed its name to EI Towers S.p.A. ("**New EI Towers**" or the "**Issuer**") (See "*Description of the Issuer – History and Development – The Merger*").

As a consequence of the Merger, the parent company of the Pre-Merger EI Towers, Elettronica Industriale, took control over the New EI Towers as, pursuant to the International Accounting Standards (IFRS 3), the transaction is identifiable as a "reverse acquisition": the company being merged, Pre-Merger EI Towers, is identified as the accounting acquirer, notwithstanding the fact that it itself was merged into DMT and DMT continued to exist as the company holding the combined business of Pre-Merger EI Towers and DMT. As a result, the financial statements of the Pre-Merger EI Towers are considered as the financial statements of the Issuer for accounting purposes and are incorporated by reference herein (see "*Information incorporated by reference*" below).

The Pre-Merger EI Towers was established on 30 May 2011 and on 30 June 2011 the parent company, Elettronica Industriale, contributed to such company its business unit relating to the Tower business (the "**Carve-Out**").

The first full year of operations of the Issuer is for the year as at, and ended on, 31 December 2012. A full set of financial statements for such period is available and reflects the results of operations of DMT

and Pre-Merger EI Towers as one unit for 2012. Such financial statements are prepared in accordance with IFRS and are audited by Reconta Ernst&Young S.p.A. the Issuer's independent accountants (see "*General information – Auditors*" below) and are incorporated by reference herein.

The Issuer's financial statements as at, and for the year ended on, 31 December 2012 report, as comparative data, the following 2011 data (the "**Actual 2011 Comparison**"): (i) in relation to the income statement and cash flow statement, data of the Pre-Merger EI Towers since inception (*i.e.*, 6 months from 30 June to 31 December 2011 and therefore not for the first 6 months of 2011); and (ii) in relation to the statement of financial position, data of the Pre-Merger EI Towers as of 31 December 2011.

Since such 2011 data is not directly comparable with the same data as at and for the period ended 31 December 2012, (as such data does not include any data of DMT or of Pre-Merger EI Towers for the first six months of 2011), for information purposes the management report on operations contains a summary of the income statements listed below in the Issuer's financial statements as at, and for the period ended, 31 December 2012, so as to allow investors some form of comparison with the Issuer's financial statements as at, and for the period ended, 31 December 2012 (such data, the "**Comparable 2011 Financial Information**"): (i) data relating to the Pre-Merger EI Towers since inception (*i.e.*, 6 months from 30 June to 31 December 2011), audited by independent auditors; (ii) data of the Carve-Out for the first half of 2011 (being data referring to the Pre-Merger EI Towers determined through the attribution to the "Tower business unit" of revenues and costs of the transferor Elettronica Industriale referring to such business; as stated above the Carve-Out business was contributed to Former EI Towers on 30 June 2011) reviewed by independent auditors; and (iii) the consolidated income statement of DMT for the year ended on 31 December 2011, audited by independent auditors.

All the above mentioned data have been prepared according to International Accounting Standards and audited (or reviewed for the Carve-Out business) by independent auditors.

The Issuer believes that such financial disclosure gives investors sufficient financial information on which to base their investment decision regarding the Notes. However, potential investors should be aware that, in evaluating their investment in the Notes, they may rely only on the aforementioned comparable financial information in respect of the year 2011.

Risks associated with the Merger

The success of the Merger will depend on our ability to integrate our respective operations, procedures, resources and information technology. The integration process may be more complex, costly and time-consuming than anticipated. We may not accomplish the integration smoothly, successfully, within the anticipated costs or in a timely manner. Such delays or difficulties, although remote, could potentially have an adverse effect on our business, results of operations or financial condition.

Risk Factors Relating to the Industry in which the Group Operates

Risks related to an increase in competition

It is possible that, because of potential for growth in the signal transmission sector, some large international tower operators or domestic telecom or broadcasting operators already holding captive towers could engage in competing activities with the Group by opening their infrastructures to the market or expand their business, causing in such way an increase in competition. This increase in competition could have a potential negative effect on the development plans of the Group and over time have a negative impact on the Group's operating profit, with a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to repay the Notes in full at their maturity.

Risks related to Tower sector regulations

The Group's clients operate in a highly regulated environment subject to national and European level regulations. In particular, radio-television and mobile phone broadcasters hosted by EI Towers at its transmission sites must abide by regulations designed to protect people and the environment from exposure to electromagnetic fields. A potential breach of these regulations by the Group's clients could lead to sanctions that could potentially include the transmission being suspended. The suspension of the transmission activities, run by the clients hosted by the Issuer could impact negatively on the Group's revenues.

Furthermore, due to potential changes in national plans for the assignment of frequencies, changes by the regions and local entities to the locations assigned for the building of plants and regions and local authorities restructuring plans in this regard, it might be necessary to move certain of the Group's sites, or some of these sites might become unusable.

Additionally, changes to the relevant regulations currently applicable to the Group's clients or the confirmation of new interpretations of existing regulations could have a negative impact on the Group's client business with potential consequences on the operating profit and economic and financial situation of the Group.

Risks related to the development of alternative methods of transmitting television and mobile phone signals

Terrestrial television signals are the method most widely used to transmit television signals in Italy as well as in many European Countries. An unexpected increase of the use of alternative methods of television signal transmission (such as satellite or cable) in Italy could cause a slowdown in the market in which the Group operates, reducing their potential for future growth. Such event could cause a significant drop in demand for the products and services offered by the Group, which would be hard to offset by adjusting the services offered by the Group to the characteristics of alternative transmission methods.

Similarly, should alternative technologies for transmitting mobile phone signals (such as satellite phones) be developed, there could be a drop in demand for the services offered by the Group.

A reduction in demand for the services currently offered by the Group could have adverse effects on the financial position and results of operations of the Group and consequently an adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

Risks related to overall economic conditions

The operating profits and economic and financial situation of the Issuer is influenced by a variety of factors that are part of the wider world economic conditions, including the increase or decrease in Italy's gross domestic product ("**GDP**"), consumer and business confidence levels, consumer credit interest rate trends and the cost of raw materials.

The recent global economic and financial crisis is characterised by a deterioration of the macroeconomic conditions that have led to a contraction in consumption and industrial production worldwide. Furthermore, recent years have been characterised by a very uncertain market scenario for TV operators, in particular for local players, due to the slowdown in the advertising market and the process of transition to digital terrestrial broadcasting with a consequent reallocation of frequencies, also in relation to the rationalisation of electromagnetic spectrum with the assignment of frequencies to mobile operators for the development of services in mobile broadband ("**LTE technology**").

This scenario could lead to a significant reduction in the demand for the Issuer's products and services, despite the fact that historically the tower business had not followed economic trends, as it works mainly on multi-year contracts and it offers critical services to its clients. The reduction in the demand for the Issuer's products and services could have a negative impact on the operating profit and economic and financial situation of the Group resulting in an adverse impact on the market value of the Notes and/or on the Issuer's ability to repay the Notes in full at their maturity.

Several governments, international and supranational organisations and monetary authorities have taken measures to provide financial assistance to Eurozone countries in economic difficulty, it remains difficult, however to predict the effect of these measures on the economy and on the financial system, and how long the crisis will exist and to what extent the Issuer's business, results of operations and financial condition may be adversely affected.

Other economic circumstances — such as an increase in the energy prices, the fluctuation in commodities and raw materials prices, or a reduction in infrastructure spending — could have a negative impact on the markets in which the Group operates and could, together with the other factors mentioned above, have a significant impact on the business of the Issuer and its operating profit and/or financial situation and its 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 its regulated 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.

Credit Rating

The Notes have been assigned a rating of BBB by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is

endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation. Fitch appears on the latest update of the list of registered credit rating agencies on the ESMA website <http://www.esma.europa.eu>.

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 redeem all outstanding Notes in accordance with the Conditions.

Change of Control

Upon the occurrence of certain change of control events relating to the Issuer, as set out in Condition 9(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 100 per cent. of their principal amount. 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 there are not sufficient funds for the redemption, Noteholders may receive less than the principal amount of the Notes should they elect to exercise such right. Furthermore, if such provisions 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 depositary 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 depositary 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 plus a higher integral multiple of another smaller amount, 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 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.

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 ("**Decree No. 239**"); and
- (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,

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

Imposta sostitutiva (Italian substitute tax) is applied to payments of interest and other income (including the difference between the redemption amount and the issue price) at a rate of 20.00 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.

A number of non EU countries (including Switzerland) and certain dependent or associated territories of certain Member States (including Switzerland), 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.

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

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 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.

Limitation on financial indebtedness

The terms and conditions of the Notes limit the Issuer's ability to increase its financial indebtedness in excess of a threshold set forth in Condition 5 (*Limitation on Indebtedness*). For the calculation of the relevant thresholds, the value of an investment is calculated on the basis of the ratio of the sum of the outstanding Indebtedness of the Issuer and its Subsidiaries as of the relevant date of calculation on a consolidated basis in accordance with IFRS-EU and the Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available. The value of such investments calculated on the basis of their market price could significantly differ.

The Conditions provide that the Issuer shall ascertain on a yearly basis whether it has complied with the financial covenant no later than 30 days following the date on which the shareholders' meeting approved the Issuer's consolidated financial statements (such date may fall up to 180 days following the end of the immediately preceding financial year).

For further information, see "*Terms and Conditions of the Notes*" – *Condition 5 (Limitation on Indebtedness)* below.

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.

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:

The secondary market generally

The Notes may have no established trading market when issued and one may never develop. 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 EI Towers 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 EI Towers 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 its regulated 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 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.

PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

The Issuer as it currently stands is the result of the merger by incorporation (the "**Merger**") of EI Towers S.p.A. ("**Pre-Merger EI Towers**") (a company wholly owned by Elettronica Industriale S.p.A. ("**Elettronica Industriale**")) into DMT S.p.A. ("**DMT**"). Following the Merger, DMT changed its name to EI Towers S.p.A. ("**New EI Towers**" or the "**Issuer**") (See "*Description of the Issuer – History and Development – The Merger*").

As a consequence of the merger, the parent company of the Pre-Merger EI Towers, Elettronica Industriale, took control over the New EI Towers as, pursuant to the International Accounting Standards (IFRS 3), the transaction is identifiable as a "reverse acquisition": the company being merged, Pre-Merger EI Towers, is identified as the accounting acquirer, notwithstanding the fact that it itself was merged into DMT and DMT continued to exist as the company holding the combined business of Pre-Merger EI Towers and DMT. As a result, the financial statements of the Pre-Merger EI Towers are considered as the financial statements of the Issuer for accounting purposes and are incorporated by reference herein (See "*Information Incorporated by Reference*").

The Pre-Merger EI Towers was set up on 30 May 2011 and on 30 June 2011 the parent company, Elettronica Industriale, contributed to such company its business unit relating to the Tower business (the Carve-Out, as defined above).

The first full year of operations of the Issuer is for the year as at, and ended on, 31 December 2012. A full set of financial statements for such period is available and reflects the results of operations of DMT and Pre-Merger EI Towers as one unit for 2012. Such financial statements are prepared in accordance with IFRS and are audited by Reconta Ernst & Young S.p.A., the Issuer's independent accountants (See "*General Information – Auditors*").

According to International Accounting Standards (IAS 1) the Issuer's financial statements as at, and for the year ending on, 31 December 2012 report, as comparative data, the following 2011 data (the "**Actual 2011 Comparison**"):

- in relation to the income statement and cash flow statement: data of the Pre-Merger EI Towers since inception (*i.e.*, 6 months from 30 June to 31 December 2011 and therefore not for the first 6 months of 2011); and
- in relation to the statement of financial position: data of the Pre-Merger EI Towers as of 31 December 2011.

Since such 2011 data is not directly comparable with the same data as at and for the period ended 31 December 2012, (as such data does not include any data of DMT or of Pre-Merger EI Towers for the first six months of 2011), for information purposes the management report on operations contains a summary of the income statements listed below in the Issuer's financial statements as at, and for the period ending, 31 December 2011, so as to allow investors some form of comparison with the Issuer's financial statements as at, and for the period ending, 31 December 2012 (such data, the "**Comparable 2011 Financial Information**"):

- data relating to the Pre-Merger EI Towers since inception (*i.e.*, 6 months from 30 June to 31 December 2011), audited by independent auditors;
- data of the Carve-Out for the first half of 2011 (being data referring to the Pre-Merger EI Towers determined through the attribution to the "Tower business unit" of revenues and costs of the transferor Elettronica Industriale referring to such business; as stated above the Carve-Out business was contributed to Former EI Towers on 30 June 2011) reviewed by independent auditors; and
- the consolidated income statement of DMT for the year ending on 31 December 2011, audited by independent auditors.

All the above mentioned data have been prepared according to International Accounting Standards and audited (or reviewed for the Carve-Out business) by independent auditors.

The Issuer believes that such financial disclosure gives investors sufficient financial information on which to base their investment decision regarding the Notes and that such financial disclosure complies with the Prospectus Directive requirement of providing 2 years of financial information.

However, potential investors should be aware that, in evaluating their investment in the Notes, they may rely only on the aforementioned comparable financial information in respect of fiscal year 2011.

INFORMATION INCORPORATED BY REFERENCE

The financial information of the EI Towers Group derived from:

- (a) the audited consolidated annual financial statements of the EI Towers Group as at and for the year ended 31 December 2012, including the directors' report on operations ([http://www.eitowers.it/bin/53.\\$split/C_107_bilanci_30_allegato_en.pdf](http://www.eitowers.it/bin/53.$split/C_107_bilanci_30_allegato_en.pdf));
- (b) the audited financial statements of the Pre-Merger EI Towers as at and for the six months ended 31 December 2011 ([http://www.eitowers.it/bin/30.\\$split/C_107_bilanci_32_allegato_en.pdf](http://www.eitowers.it/bin/30.$split/C_107_bilanci_32_allegato_en.pdf));
- (c) the Carve-Out financial data as at 30 June 2011 reviewed by Reconta Ernst & Young S.p.A. ([http://www.eitowers.it/bin/61.\\$split/C_107_bilanci_31_allegato_en.pdf](http://www.eitowers.it/bin/61.$split/C_107_bilanci_31_allegato_en.pdf)); and
- (d) the audited consolidated financial statements of Digital Multimedia Technologies S.p.A. as at and for the year ended 31 December 2011, ([http://www.eitowers.it/bin/26.\\$split/C_107_bilanci_8_allegato_en.pdf](http://www.eitowers.it/bin/26.$split/C_107_bilanci_8_allegato_en.pdf)),

together, the "**EI Towers Group Financial Statements**", shall be deemed to be incorporated in, and to form part of, this Prospectus.

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 lists

The following information from the EI Towers Group Financial Statements is incorporated by reference in this Prospectus, and the following cross-reference lists are provided to enable investors to identify specific items of information so incorporated.

EI Towers Group audited consolidated financial statements as at and for the year ended 31 December 2012

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Pre-merger EI Towers audited financial statements as at and for the six months ended 31 December 2011

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Carve Out financial data as at 30 June 2011

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Carve Out financial data as at 30 June 2011	Whole document

DMT audited consolidated financial statements as at and for the financial year ended 31 December 2011

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Consolidated Statement of Changes in Shareholders' Equity	24
Consolidated Cash Flow Statement	25
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Any information contained in any of the documents specified above, including any documents incorporated by reference therein, which are not listed in the cross reference list are not incorporated by reference in this Prospectus and are not relevant to investors (pursuant to Article 28(4) of Regulation (EC) No. 809/2004 implementing the Prospectus Directive).

Copies of the documents specified above as containing information incorporated by reference in this Prospectus have been filed with the Irish Stock Exchange and may be inspected, free of charge, at the specified offices of the Principal Paying Agent, on the website of the Irish Stock Exchange (www.ise.ie) and on the website of the Issuer (www.eitowers.it).

Any websites referred to in this Prospectus are for information purposes only and do not form part of this Prospectus.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which (subject to completion and amendment) will be endorsed on each Note in definitive form:

The €230,000,000 3.875 per cent. Notes due 26 April 2018 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 18 (*Further Issues*) and forming a single series therewith) of EI Towers S.p.A. (the "**Issuer**") are subject to, and have the benefit of, a trust deed dated 26 April 2013 (as amended or supplemented from time to time, the "**Trust Deed**") between the Issuer and BNP Paribas Trust Corporation UK Limited as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed) and are the subject of an agency agreement dated 26 April 2013 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), the paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the Trustee. Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and subject to their detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours at the registered office for the time being of the Trustee, being at the Issue Date 55 Moorgate, London EC2R 6PA, United Kingdom and at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

1. **Interpretation**

In these Conditions:

"**Affiliate**" means, with respect to any specified Person any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person;

For the purposes of this definition, "**control**," when used with respect to any specified Person, means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "**controlling**" and "**controlled**" have meanings correlative to the foregoing;

"**Acting in Concert**" means a group of Persons who, pursuant to an agreement or understanding, actively co-operate through the acquisition or holding of Equity Interests of an entity by any of them, either directly or indirectly, for the purposes of obtaining or consolidating control of the Issuer;

"**Board of Directors**" means:

- (i) with respect to any corporation, the board of directors or managers of the corporation (which, in the case of any corporation having both a supervisory board and an executive or management board, shall be the executive or management board) or any duly authorised committee thereof;
- (ii) with respect to any partnership, the board of directors of the general partner of the partnership or any duly authorised committee thereof;
- (iii) with respect to a limited liability company, the managing member or members (or analogous governing body) or any controlling committee of managing members thereof; and
- (iv) with respect to any other Person, the board or any duly authorised committee thereof or committee of such Person serving a similar function;

"Business Day" means any day other than a Saturday or Sunday on which banking institutions in London, United Kingdom and Milan, Republic of Italy are open for business;

"Calculation Amount" means €1,000;

"Capitalised Lease Obligations" means an obligation that is required to be classified and accounted for as a financial lease for financial reporting purposes on the basis of IFRS-EU. The amount of Indebtedness will be, at the time any determination is to be made, the amount of such obligation required to be capitalised on a balance sheet (excluding any notes thereto) prepared in accordance with IFRS-EU, and the stated maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty. For the avoidance of doubt, operating leases will not be deemed Capitalised Lease Obligations.

"Capital Stock" means:

- (i) in the case of a corporation, corporate stock;
- (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (iii) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and
- (iv) any other interest or participation that confers on a person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock;

"Cash Equivalents" means:

- (i) securities issued or directly and fully guaranteed or insured by the United States or Canadian governments, a member state of the European Union, Switzerland or Norway or, in each case, any agency or instrumentality of thereof (**provided that** the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;
- (ii) overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits (and similar instruments) with maturities of 12 months or less from the date of acquisition (a "**Deposit**") issued by a bank or trust company which is organized under, or authorized to operate as a bank or trust company under, the laws of a member state of the European Union or of the United States or any state thereof, Switzerland, Canada or Norway; **provided that** either (x) on the Issue Date, the Issuer or any Subsidiary held Deposits with such bank or trust company (or any branch, Subsidiary or Affiliate thereof) or (y) such bank or trust company (i) has capital, surplus and undivided profits aggregating in excess of €250.0 million (or the foreign currency equivalent thereof as of the date of such investment) and (ii) whose commercial paper (or if the parent of such bank or trust company is a bank or trust company that otherwise fulfils the requirements of this provision, such parent's commercial paper) is rated at least "P-3" or the equivalent thereof by Moody's or "A-3" or the equivalent thereof by S&P or the equivalent rating category of another internationally recognized rating agency;
- (iii) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (i) and (ii) above entered into with any financial institution meeting the qualifications specified in clause (ii) above;
- (iv) commercial paper rated at least "P-3" or the equivalent thereof by Moody's or "A-3" or the equivalent thereof by S&P and, in each case, maturing within one year after the date of acquisition; and

- (v) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (i) through (iv) of this definition;

"**Change of Control**" shall be deemed to occur if:

- (i) any Person or group of Persons Acting in Concert, other than a Controlling Shareholder, at any time holds or obtains a higher percentage of the Issuer's Voting Capital than that held by the Controlling Shareholder (a "**Voting Capital Event**"); and
- (ii) at any time following a Voting Capital Event, the Controlling Shareholder ceases to hold sufficient Voting Capital of the Issuer such as to enable it to appoint a majority of the members of the Board of Directors of the Issuer at the Issuer's ordinary and extraordinary shareholders' meetings,

provided, however, that no Change of Control shall be deemed to have occurred where Noteholders have, by way of Extraordinary Resolution, given their prior approval of the holding or obtaining by such Person or Persons of such percentage of the Issuer's Voting Capital, in which case references in these Conditions to "**Controlling Shareholder**" shall be read as references to such Person or Persons;

"**Consolidated EBITDA**" means, the consolidated EBITDA of the Issuer and its Subsidiaries;

"**Consolidated Leverage**" means the sum of the outstanding Indebtedness, net of any cash or Cash Equivalents, of the Issuer and its Subsidiaries as of the relevant date of calculation on a consolidated basis in accordance with IFRS-EU;

"**Consolidated Leverage Ratio**" means, as of any date of determination, the ratio of (a) Consolidated Leverage at such date to (b) the Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available;

"**Controlling Shareholder**" means any of:

- (i) Mediaset S.p.A., a company incorporated under the laws of the Republic of Italy and registered at the Companies' Registry (*registro delle imprese*) of Milan under registration number 09032310154; or
- (ii) following the passing of an Extraordinary Resolution of Noteholders that sanctions an event or circumstances that would otherwise constitute a Change of Control for the purposes of Condition 9(c) (*Redemption and Purchase - Redemption at the option of Noteholders upon a Change of Control*), such Person or Persons who, but for such Extraordinary Resolution, would have effected such Change of Control;

"**CRA Regulation**" means Regulation (EC) No 1060/2009, as amended by Regulation (EU) No 513/2011;

"**Credit Facilities**" means one or more debt facilities, indentures, bonds or commercial paper facilities (including, without limitation, the Existing Facilities Agreements), including any Guarantees, collateral documents, instruments and agreements executed in connection therewith, as such agreement, documents and instruments may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time, including any agreement extending the maturity of, refinancing (including pursuant to such Credit Facilities, or commercial paper facilities with banks, investors, other lenders or institutional investors or by means of sales of debt securities to institutional investors or others), replacing or otherwise restructuring (without limitations as to amount, terms, conditions, covenants and other provisions, including increasing the amount of available borrowings thereunder or altering the maturities thereof or adding Subsidiaries of the Issuer as additional borrowers or guarantors thereunder) all or any portion of the debt under such agreement or any successor or replacement agreement and whether by the same or any other agent, lender or group of lenders or other party;

"Day Count Fraction" means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Regular Period in which the relevant period falls;

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default;

"Disqualified Stock" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the six-month anniversary of the date that the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Condition 5 (*Limitation on Indebtedness*). For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to Condition 5 (*Limitation on Indebtedness*), and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock, such Fair Market Value to be determined as set forth herein;

"EBITDA" for any period, means the consolidated net profit of the Issuer and its Subsidiaries before minority interests for such period after adding back:

- (i) any depreciation or amortisation for such period;
- (ii) any amount of goodwill impaired or otherwise amortised during such period;
- (iii) any amount related to the impairment of any asset during such period;
- (iv) any loss against book value incurred on the disposal of any asset during such period;
- (v) any non-recurring charges or losses (or provision made for such charges or losses) for such period;
- (vi) restructuring costs (or provisions booked for such costs) during such period;
- (vii) financial charges or losses (including for the avoidance of doubt, fees and commissions payable under any finance document and potential losses related to interest rate hedging instruments and any other finance costs in accordance with IFRS-EU);
- (viii) acquisition related costs charged or amortised including internal and external costs incurred in connection with the identification and realisation of acquisitions during such period;
- (ix) any amount of tax on profits, gains or income during such period; and
- (x) any realised or unrealised foreign exchange losses;

but after deducting:

- (i) gain or financial income;
- (ii) any non-recurring income for such period;
- (iii) any amount of credit in respect of tax on profits, gains or income during such period;
- (iv) any realised or unrealised foreign exchange gains;

- (v) gain arising on revaluation of any asset during such period; and
- (vi) any gain over book value arising in favour of the Issuer and its Subsidiaries on the disposal of any asset during such period and any gain arising on any revaluation of any asset during such period;

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining net income as recorded in the consolidated income statement of the Issuer;

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock);

"Euro" means the lawful currency of the member states of the European Union that participate in the third stage of the European Economic and Monetary Union;

"Euro Equivalent" means, with respect to any monetary amount in a currency other than Euro, at any time for the determination thereof, the amount of Euro obtained by converting such foreign currency involved in such computation into Euro at the spot rate for the purchase of Euro with the applicable foreign currency as published under **"Currency Rates"** in the section of *The Financial Times* entitled **"Currencies, Bonds & Interest Rates"** on the date two Business Days prior to such determination (or, if *The Financial Times* is no longer published, or if such information is no longer available in the *The Financial Times*, such source as may be selected in good faith by the Issuer);

"Event of Default" means any of the events described in Condition 12 (*Events of Default*);

"Existing Facilities Agreements" means the following agreements:

- (i) a term loan facility agreement entered into between the Issuer and Banca Popolare di Milano S.C.a.r.l. for a total commitment equal to €50,000,000;
- (ii) a revolving credit facility agreement entered into between the Issuer and Banca Popolare di Sondrio S.C.p.A. for a total commitment equal to €15,000,000;
- (iii) a term loan agreement entered into between Towertel S.p.A. and a pool of banks for a total commitment equal to €84,385,495;
- (iv) a term loan agreement entered into between Towertel S.p.A. and Banca Monte Parma S.p.A. for a total commitment equal to €206,445; and
- (v) a revolving credit facility agreement entered into between the Issuer and Mediaset S.p.A. for a total commitment equal to €140,000,000;

"Extraordinary Resolution" has the meaning set out in the Trust Deed;

"Fair Market Value" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, determined in good faith by an Officer of the Issuer;

"Financial Statements" means:

- (i) the income statement;
- (ii) the balance sheet; and
- (iii) the cash flow statement,

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

"Guarantee" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (iv) any other agreement to be responsible for such Indebtedness;

"IFRS-EU" means International Financial Reporting Standards as adopted by the European Union;

"Indebtedness" means (i) indebtedness for borrowed money, (ii) obligations evidenced by bonds, debentures, notes or other similar instruments, (iii) the principal component of obligations in respect of letters of credit, bankers' acceptances and similar instruments, (iv) obligations to pay the deferred and unpaid purchase price of property other than trade debt in the ordinary course of business and not overdue by 30 days or more; (v) Capitalised Lease Obligations and attributable indebtedness related to sale/leaseback transactions; (vi) with respect to Guarantees provided by an entity. The principal amount of indebtedness guaranteed by such Guarantee and (vii) net obligations under currency hedging agreements and interest rate, commodity price risk and energy price risk hedging agreements if and to the extent that any of the preceding indebtedness would appear as a financial liability on the balance sheet of the debtor prepared in accordance with IFRS-EU (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable at such time). For the avoidance of doubt, Indebtedness shall not include, whether of the Issuer or any of its Subsidiaries, (a) any trade debt obligation incurred in the ordinary course of business and any accrued liability incurred in the ordinary course of business that provide a payment term after no more than 180 days, (b) any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or any post-employment plan or similar claims, obligations or contributions or social security or wage taxes, (c) customer deposits and advance payments received in the ordinary course of business from customers for goods and services purchased in the ordinary course of business, (d) in connection with the purchase by the Issuer or any of its Subsidiaries of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; **provided, however, that**, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter, or (e) financings undertaken by the Issuer or its Subsidiaries in connection with the creation of pools of assets dedicated to specific transactions (*patrimoni destinati a uno specifico affare*) within the meaning set out under Article 2447-bis and subsequent of the Italian Civil Code;

"Independent Financial Adviser" means an investment banking firm, bank, accounting firm or third-party appraiser, in any such case, either of international standing or national standing in the Republic of Italy; **provided that** such firm is not an Affiliate of the Issuer;

"Issue Date" means 26 April 2013;

"Moody's" means Moody's Italia S.r.l., which is established in the European Union and registered under the CRA Regulation, or any of its successors or assigns that is a credit rating agency established in the European Union and registered under the CRA Regulation;

"Officer" means, with respect to any Person, the chief executive officer or the chief financial officer or a responsible accounting or financial officer;

"Officer's Certificate" means a certificate signed by an Officer of the Issuer;

"Permitted Security Interest" means:

- (i) any Security Interest arising by operation of law; or
- (ii) any Security Interest created and perfected by the Issuer or any of its Subsidiaries and still in existence as at the Issue Date; or
- (iii) any Security Interest created and perfected by any entity upon the whole or any part of its undertaking or assets and subsisting at the time such entity (a) merges or consolidates with or is demerged, contributed or merged into or transferred to the Issuer or a Subsidiary of the Issuer, (b) becomes a Subsidiary of the Issuer or (c) sells, contributes or transfers all or substantially all of its assets to the Issuer or a Subsidiary of the Issuer, **provided that** the amount of Indebtedness secured by such Security is not subsequently increased; or
- (iv) any Security Interest to secure Indebtedness incurred by the Issuer or any of its Subsidiaries for the purposes of financing (a) an acquisition by the Issuer or such Subsidiary of all or part of the share capital of another entity and/or of the business of such entity or (b) a merger by such entity with and/or into the Issuer or such Subsidiary, in each case whereby all or substantially all of the proceeds of such financing is used for the purposes of such acquisition or merger, **provided that** the amount of such Indebtedness is not increased at any time following the completion of such acquisition or merger;
- (v) 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 securitisation, creation of pools of assets dedicated to specific transactions (*patrimoni destinati a uno specifico affare*) within the meaning set out under Article 2447 -bis and subsequent of the Italian Civil Code 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, not to exceed an aggregate principal amount of €20 million;
- (vi) any Security Interest created in substitution of or supplementing any Security Interest permitted under paragraphs (ii) to (v) 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 outstanding and 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, 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, and (4) the duration of the substitute Security Interest does not exceed the duration of the initial Security Interest; or
- (vii) in addition to the exemptions in paragraphs (i) to (vi) above, Security Interests to secure the Indebtedness of the Issuer or any of its Subsidiaries with respect to Indebtedness that does not exceed an aggregate principal amount of €20 million at any one time outstanding;

"Permitted Reorganisation" means any solvent amalgamation, merger, demerger or reconstruction involving the Issuer or any Subsidiary under which the assets and liabilities of the Issuer or the relevant Subsidiary are assumed by the entity resulting from such amalgamation, merger, demerger or reconstruction and, where the same involves the Issuer:

- (i) such entity assumes all the obligations of the Issuer in respect of the Notes, and an opinion of an independent legal adviser of recognised standing in the Republic of Italy has been delivered to the Trustee, on behalf of the Noteholders, confirming the same prior to the effective date of such amalgamation, merger or reconstruction; and

- (ii) such entity holds at least the same corporate credit rating as the Issuer at the time of such transaction, unless such amalgamation, merger, demerger or reconstruction has been approved by an Extraordinary Resolution of the Noteholders;

"**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;

"**Reference Dealers**" means Banca IMI S.p.A., BNP Paribas, Mediobanca – Banca Di Credito Finanziario S.p.A., Unicredit Bank AG or their successors;

"**Reference Dealer Rate**" means, with respect to the Reference Dealers and the Optional Redemption Date, the average of the mid-market annual swap rate as determined by the Reference Dealers at 11:00 a.m. London time on the third business day in London preceding such Optional Redemption Date, quoted in writing to the Issuer by the Reference Dealers,

For this purpose, the "**mid-market annual swap rate**" means the arithmetic mean of the bid and offered rates for the annual fixed leg calculated on a 30/360 day count basis on a fixed-for-floating euro interest rate swap transaction maturing on 26 April 2018, on such Optional Redemption Date;

"**Refinancing Indebtedness**" means any Indebtedness that refinances any Indebtedness in compliance with Condition 5 (*Limitation on Indebtedness*); **provided, however that:**

- (i) such Refinancing Indebtedness has a stated maturity that is either (x) no earlier than the stated maturity of the Indebtedness being refinanced or (y) after the final maturity of the Notes; and
- (ii) such Refinancing Indebtedness has an aggregate principal amount (or if issued with an original issue discount, an aggregate issue price) that is equal to or less than the aggregate principal amount (or if incurred with original issue discount, the aggregate accreted value) then outstanding or committed (plus accrued interest, fees and expenses, including any premiums) under the Indebtedness being refinanced;

"**Regular Period**" means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date;

"**Relevant Date**" means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in a city in which banks have access to the TARGET System by the Principal Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

"**Relevant Indebtedness**" means any present or future indebtedness (whether being principal, premium, interest or other amounts) in the form of, or represented or evidenced by, notes, bonds or other securities (excluding securities evidencing indebtedness arising under banking facilities) whether issued for cash or in whole or in part for a consideration other than cash, and which are capable, of being quoted, listed or ordinarily traded on any stock exchange, quotation system or recognised over-the-counter or other securities market, **provided, however, that** any indebtedness represented by notes or similar instruments, issued by consolidated or non-consolidated special purpose vehicles in connection with the securitisation of assets, and in respect of which recourse is limited to such assets, shall not be deemed to constitute Relevant Indebtedness. For the avoidance of doubt, Relevant Indebtedness shall not include, whether of the Issuer or any of its Subsidiaries, (1) any mortgages, bank loans, guarantee or indemnification obligations in connection with the securitisation of assets, or (2) financings undertaken by the Issuer or its Subsidiaries in connection with the creation of pools of assets dedicated to specific transactions (*patrimoni destinati a uno specifico affare*) within the meaning set out under Article 2447 bis and subsequent of the Italian Civil Code;

"**Reserved Matter**" has the meaning given to it in the Trust Deed and including, *inter alia*, any proposal to modify the maturity of the Notes or the dates on which interest is payable on the

Notes, to reduce, cancel or alter the method of calculating the principal amount of or interest on the Notes or to change the currency of payment of the Notes;

"**S&P**" means Standard & Poor's Credit Market Services Italy S.r.l., which is established in the European Union and registered under the CRA Regulation, or any of its successors or assigns that is a credit rating agency established in the European Union and registered under the CRA Regulation;

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any applicable jurisdiction;

"**Subsidiary**" means, with respect to any Person:

- (i) any corporation, association or other business entity (a) of which more than 50% of the voting rights is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof) or (b) in any event is otherwise subject to a dominant influence in a shareholders' or quotaholders' meeting of any such company pursuant to Article 2359, paragraph 1, points 1 and 2, of the Italian Civil Code; and
- (ii) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity;

The expression a "**substantial part**" of the business, undertaking or assets means a part of the relevant entity's business, undertaking or assets which accounts for 35 per cent. or more of its assets and/or EBITDA on a consolidated basis;

"**TARGET2**" means the Trans European Automated Real Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET System**" means TARGET2; and

"**Voting Capital**" means, at any particular time, the aggregate amount of votes represented by all classes of outstanding Equity Interests of the Issuer for the purposes of voting at the Issuer's ordinary and extraordinary shareholders' meetings.

2. **Form, Denomination and Title**

The Notes are serially numbered and are 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 Definitive Notes will be issued with a denomination above €199,000. Title to the Notes and Coupons will pass by delivery. The holder of any Note or Coupon shall (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 other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the Notes or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

3. **Status**

The Notes 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.

4. **Negative Pledge**

So long as any of the Notes remain outstanding (as defined in the Trust Deed) the Issuer shall not, and shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of their respective present or future undertakings, assets or revenues (including uncalled capital) to secure (i) any Relevant Indebtedness or (ii) any Guarantee in relation to any Relevant Indebtedness, without, at the option of the Issuer (a) at the same time or prior thereto securing the Notes equally and rateably therewith to the satisfaction of the Trustee or (b) providing such other security, guarantee, indemnity or other arrangement for the Notes as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Noteholders or as may be approved by an Extraordinary Resolution of Noteholders.

5. **Limitation on Indebtedness**

5.1 So long as any of the Notes remain outstanding (as defined in the Trust Deed), and subject to the exceptions set out under Condition 5.2 below, the Issuer will not, and will procure that none of its Subsidiaries will, after the Issue Date, incur any additional Indebtedness; **provided that** the Issuer may incur Indebtedness if on the date of the incurrence of such additional Indebtedness and after giving effect thereto on a *pro forma* basis (including a *pro forma* application of the proceeds therefrom) the Consolidated Leverage Ratio is less than 3.25 to 1.0.

5.2 This Condition 5 will not prohibit the incurrence of any of the following Indebtedness:

- (a) The Indebtedness of the Issuer and its Subsidiaries incurred or that may be incurred under Credit Facilities in an aggregate principal amount at any one time outstanding under this Condition 5.2(a) not to exceed €20 million;
- (b) Indebtedness of the Issuer owing to any of its Subsidiaries or Indebtedness of any of its Subsidiaries owing to the Issuer or any Subsidiary of the Issuer;
- (c) Indebtedness of the Issuer under the Notes and any Indebtedness of the Issuer and its Subsidiaries (other than, for the sake of clarity, the Indebtedness under paragraphs (a), (b), (f), (g), (h), (i), (j) and (n) of this Condition 5.2) outstanding on the Issue Date;
- (d) Indebtedness of a Subsidiary incurred and outstanding on the date on which such Subsidiary was directly or indirectly acquired by the Issuer after the Issue Date or on the date it otherwise becomes a Subsidiary (other than Indebtedness incurred (i) to provide all or any portion of the funds utilised to consummate the transaction or series of related transactions pursuant to which such Subsidiary became a Subsidiary or was otherwise acquired by the Issuer or (ii) otherwise in connection with, or in contemplation of, such acquisition);
- (e) Indebtedness of the Issuer and its Subsidiaries represented by Capitalised Lease Obligations, mortgage financings, purchase money obligations or other similar indebtedness with respect to assets or property not to exceed in the aggregate €2.5 million;
- (f) Indebtedness of the Issuer and its Subsidiaries in respect of worker's compensation claims, self-insurance obligations, performance, surety and similar bonds and completion Guarantees provided by the Issuer and its Subsidiaries in the ordinary course of business;
- (g) Indebtedness of the Issuer providing for indemnification, adjustment of purchase price or similar obligations in connection with the acquisition or disposition of any business, assets or capital stock of a Subsidiary after the Issue Date;
- (h) Indebtedness of the Issuer and its Subsidiaries arising from honouring a bank or other financial institution of a cheque, draft or similar instrument drawn against insufficient funds or credit lines in the ordinary course of business, **provided that** such Indebtedness is disbursed within seven days of incurrence;

- (i) Indebtedness of the Issuer and its Subsidiaries arising from advance payments received from customers for goods and services purchased and credit periods in the ordinary course of business of the Issuer and its Subsidiaries;
- (j) Indebtedness of the Issuer and its Subsidiaries constituting reimbursement obligations with respect to letters of credit, bankers' acceptances or similar instruments or obligations issued in the ordinary course of business; **provided that** upon the drawing or other funding of such letters of credit or other instruments or obligations, such drawings or fundings are reimbursed within seven days;
- (k) Indebtedness of the Issuer under cash pooling arrangements and hedging arrangements (with respect to currency risks, interest rate risks, commodity risks and price risks) in the ordinary course of business;
- (l) the Guarantee by the Issuer or a Subsidiary of the Issuer of Indebtedness that was permitted to be incurred by the person making the Guarantee pursuant to another provision of this Condition 5;
- (m) the factoring of accounts receivable arising in the ordinary course of business pursuant to customary arrangements by the Issuer;
- (n) in addition to the aforementioned exceptions, the incurrence by the Issuer and its Subsidiaries of Indebtedness, not to exceed an aggregate principal amount of €10 million, not more than €5 million of which may be incurred by the Subsidiaries of the Issuer;
- (o) any Refinancing Indebtedness incurred with respect to the refinancing of any Indebtedness permitted under Condition 5.1 above or paragraphs (a), (c) or (d) of this Condition 5.2; and
- (p) Indebtedness of the Issuer and its Subsidiaries incurred in connection with (i) the securitization of assets or (ii) the creation of pools of assets dedicated to specific transactions (*patrimoni destinati a uno specifico affare*) within the meaning set out under Article 2447 of the Italian Civil Code not to exceed in the aggregate €2.5 million.

For purposes of determining compliance with this Condition 5, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories described in paragraphs (b) through (p) of this Condition 5.2, or is entitled to be incurred pursuant to Condition 5.1, the Issuer will classify such item of Indebtedness on the date of its incurrence. The accrual of interest, the accretion or amortisation of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms and the reclassification of preferred stock as Indebtedness due to a change in accounting principles will not be deemed to be an incurrence of Indebtedness for purposes of this Condition 5.

For purposes of determining compliance with any Euro-denominated restriction on the incurrence of Indebtedness, the Euro Equivalent of the principal amount of Indebtedness denominated in another currency will be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term Indebtedness, or first committed, in the case of Indebtedness incurred under a revolving credit facility; **provided that** (i) if such Indebtedness is incurred to refinance other Indebtedness denominated in a currency other than Euro, and such refinancing would cause the applicable Euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such Euro-denominated restriction will be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced; (ii) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date will be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (iii) if and for so long as any such Indebtedness is subject to an agreement intended to protect against fluctuations in currency exchange rates with respect to the currency in which such Indebtedness is denominated covering principal and interest on such Indebtedness, the amount of such Indebtedness, if denominated other than in Euros, will be the amount of the principal payment required to be made under such currency agreement and, otherwise, the Euro Equivalent of such amount plus the Euro Equivalent

of any premium which is at such time due and payable but is not covered by such currency agreement.

6. **Limitation on transactions with Affiliates**

6.1 So long as any of the Notes remain outstanding (as defined in the Trust Deed), the Issuer will not, and will not permit any Subsidiary to, directly or indirectly, enter into or suffer to exist any transaction or series of related transactions (including, without limitation, the sale, purchase, exchange or lease of assets or property or the rendering of any service), with, or for the benefit of, any Affiliate of the Issuer or any of its Subsidiaries, as the case may be, involving aggregate payments or consideration in excess of €1 million, unless such transaction or series of transactions is entered into in good faith and:

- (a) such transaction or series of transactions is on terms that, taken as a whole, are not materially less favourable to the Issuer or such Subsidiary, as the case may be, than those that would have been obtained in a comparable transaction at such time on an arm's length basis with third-parties that are not Affiliates;
- (b) with respect to any transaction or series of related transactions involving aggregate payments or the transfer of assets or the provision of services, in each case having a value greater than €5 million, the Issuer will deliver a resolution adopted by a majority of the members of its or the applicable Subsidiary's Board of Directors (attached to an Officer's Certificate to be delivered to the Trustee) resolving that such transaction or series of related transactions complies with paragraph (a) above; and
- (c) with respect to any transaction or series of related transactions involving aggregate payments or the transfer of assets or the provision of services, in each case having a value greater than €10 million, the Issuer will deliver to the Trustee a written opinion of an Independent Financial Advisor (appointed by the Issuer) stating that the transaction or series of related transactions is fair to the Issuer or such Subsidiary from a financial point of view or that the terms are not materially less favourable than those that could reasonably have been obtained in a comparable transaction at such time on an arm's-length basis from a Person that is not an Affiliate.

6.2 Notwithstanding the foregoing the restrictions set forth in Condition 6.1 above will not apply to:

- (a) customary directors' fees, indemnities and similar arrangements (including the payment of directors' and Officers' insurance premiums), consulting fees, employee compensation, employee and director bonuses, employment agreements and arrangements or employee benefit arrangements, including stock options or legal fees, as determined in good faith by the Issuer's Board of Directors or senior management;
- (b) any Permitted Reorganisation and any solvent amalgamation, merger, demerger or reconstruction involving exclusively the Issuer or any of its Subsidiaries;
- (c) loans and advances (or Guarantees to third-party loans, but not any forgiveness of such loans or advances) to directors, Officers or employees of the Issuer or any Subsidiary made in the ordinary course of business and consistent with the Issuer's past practices or past practices of the relevant Subsidiary, as the case may be;
- (d) agreements and arrangements existing on the Issue Date and any amendment, modification or supplement thereto; **provided that** any such amendment, modification or supplement to the terms thereof is not more disadvantageous to the holders of the Notes in any material respect than the original agreement or arrangement as in effect on the Issue Date;
- (e) the issuance of securities pursuant to, or for the purpose of the funding of, employment arrangements, stock options and stock ownership plans, as long as the terms thereof are or have been previously approved by the Issuer's or the relevant Subsidiary's Board of Directors;

- (f) transactions between or among the Issuer and the Subsidiaries or between or among Subsidiaries;
- (g) transactions with a Person that is an Affiliate of the Issuer or its Subsidiaries solely because the Issuer and/or its Subsidiaries own an equity interest in, or control, such Person;
- (h) the execution, delivery and performance of any arrangement pursuant to which the Issuer or any of its Subsidiaries is required or permitted to file a consolidated tax return, or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;
- (i) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business and consistent with past practice, which are fair to the Issuer or the relevant Subsidiary in the reasonable determination of the Board of Directors or an officer of the Issuer or the relevant Subsidiary, or are on terms no less favourable than those that could reasonably have been obtained at such time from an unaffiliated party;
- (j) any issuance of Equity Interests (other than Disqualified Stock) of the Issuer; and
- (k) the existence of, or the performance by the Issuer or any of its Subsidiaries of its obligations under the terms of, any stockholders agreement (including any registration rights agreement or purchase agreement relating thereto) to which it is a party as at the Issue Date and any similar agreements which it may enter into thereafter; **provided, however, that** the existence of, or the performance by the Issuer or any of its Subsidiaries of, obligations under any future amendment to any such existing agreement or under any similar agreement entered into after the Issue Date shall only be permitted by this paragraph (i) to the extent that the terms of any such amendment or new agreement are not disadvantageous to the holders of the Notes in any material respect.

7. **Delivery of Officer's Certificate**

So long as any of the Notes remain outstanding (as defined in the Trust Deed):

- (a) the Issuer shall as soon as the Financial Statements become available and in any event no later than 30 days following the approval of the same by the meeting of the shareholders, deliver to the Trustee and the Principal Paying Agent an Officer's Certificate certifying that each of the Issuer and its Subsidiaries has kept, observed, performed and fulfilled each covenant contained in the Trust Deed and is not in default in the performance or observance of any of the Conditions (or, if an Event of Default has occurred, describing all such Events of Default of which he or she may have knowledge and what action the Issuer is taking or proposes to take with respect thereto); and
- (b) the Issuer will deliver to the Trustee, forthwith upon any Officer becoming aware of any Default or Event of Default, an Officer's Certificate specifying such Default or Event of Default and what action the Issuer is taking or proposes to take with respect thereto.

8. **Interest**

The Notes bear interest from the Issue Date, at the rate of 3.875 per cent. per annum, (the "**Rate of Interest**") payable in arrear on 26 April in each year (each, an "**Interest Payment Date**"), subject as provided in Condition 10 (*Payments*).

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 which case it will 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 Noteholder and (b) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be €3,875 in respect of each Note of €100,000 denomination, and €38.75 in respect of each Note of €1,000 denomination in excess of €100,000. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the cent, with 0.5 cents being rounded up and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount.

9. **Redemption and Purchase**

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 26 April 2018 (the "**Maturity Date**"), subject as provided in Condition 10 (*Payments*).
- (b) *Redemption for tax 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 (if any) accrued to the date fixed for redemption, if, immediately before giving such notice:
 - (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of (i) the Republic of Italy or (ii) the jurisdiction of residence and/or incorporation of the Issuer or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date; and
 - (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

provided, however, 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 if a payment in respect of the Notes were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee:

- (A) an Officer's Certificate 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
- (B) an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing approved by the Trustee to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

The Trustee shall be entitled to accept such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (i) and (ii) above, in which event they shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice as is referred to in this Condition 9, the Issuer shall be bound to redeem the Notes in accordance with this Condition 9.

- (c) *Redemption at the option of Noteholders upon a Change of Control:* In the event of a Change of Control, each Noteholder may, during the Change of Control Redemption Period notify the Issuer, as further provided below, that it requires the early redemption of all or some of its Notes (a "**Put Event**"). The Issuer, will redeem in whole (but not in part) the Notes the subject of such notice from the Noteholders on the Change of Control Redemption Date at a price equal to 100 per cent. of their principal amount together with

accrued interest thereon from (and including) the preceding Interest Payment date (or the Issue Date, if applicable) to (but excluding) the Change of Control Redemption Date.

Any Change of Control shall be notified to the Noteholders in accordance with Condition 19 (*Notices*) by the Issuer within five Business Days of its occurrence. Such notice shall also indicate the relevant Change of Control Redemption Period and Change of Control Redemption Date. For so long as the Notes are listed on the regulated market of the Irish Stock Exchange and the rules of such exchange so require, the Issuer shall also notify the Irish Stock Exchange promptly of any Change of Control. Any such notification will indicate the date of the Change of Control, the period in which the early redemption of the Notes may be requested (the "**Change of Control Redemption Period**") and the Change of Control Redemption Date. The Change of Control Redemption Period will run for 20 Business Days following the date on which notice of the Change of Control is given to the Noteholders in accordance with Condition 19 (*Notices*) and, for the purpose of this Condition 9, "**Change of Control Redemption Date**" means the date specified in the notification of Change of Control by the Issuer, being a date not earlier than five nor later than 10 Business Days after expiry of the Change of Control Redemption Period.

In order to exercise the option contained in this Condition 9, the holder of a Note must, on any Business Day during the Change of Control Redemption Period (if the Notes are in definitive form), deposit with any Paying Agent such Note together with all unmaturing Coupons relating thereto or (if the Notes are in global form) blocking the relevant account in accordance with the usual practices of Euroclear or Clearstream, Luxembourg or such other clearing system and a duly completed put option notice (a "**Put Option Notice**") in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed receipt for such Note (a "**Put Option Receipt**") to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9, may be withdrawn; **provided, however, that** if, prior to the Change of Control Redemption Date, any such Note becomes immediately due and payable or, upon due presentation of any such Note on the Change of Control Redemption Date, payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall give notification thereof to the depositing Noteholder in such manner and/or at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9, the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

- (d) *Redemption at the option of the Issuer:* The Issuer may, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 19 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Notes, on 27 October 2014 or at any time thereafter (the "**Optional Redemption Date**") at a redemption price per Note equal to the greater of: (i) 100 per cent. of the principal amount of the Note; or (ii) as determined by the Reference Dealers the sum of the then current values of the remaining scheduled payments of principal and interest (not including any interest accrued on the Notes to, but excluding, the Optional Redemption Date) discounted to the Optional Redemption Date on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) by 366) at the Reference Dealer Rate, plus 0.50 per cent., plus, in each case, any interest accrued on the Notes to, but excluding, the Optional Redemption Date (the "**Call Amount**"). The Issuer shall notify the Noteholders and the Trustee which of (i) and (ii) is the greater and upon the expiry of such notice, the Issuer shall redeem the Notes in accordance with this Condition 9(d).
- (e) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled redemption*) to (d) (*Redemption at the option of the Issuer*) above.

- (f) *Purchase*: The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, **provided that** all unmatured Coupons are purchased therewith. If purchases are made by tender, tenders must be available to all Noteholders alike.
- (g) *Cancellation*: All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

10. **Payments**

- (a) *Principal*: Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by Euro cheque drawn on, or by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET System.
- (b) *Interest*: Payments of interest shall, subject to paragraph (f) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.
- (c) *Payments subject to fiscal laws*: All payments in respect of the Notes 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 11 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (d) *Deduction for unmatured Coupons*: If a Note is presented without all unmatured Coupons relating thereto, then:
 - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; **provided, however, that** if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;
 - (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; **provided, however, that** where this sub paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; **provided, however, that**, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) (*Principal*) above against presentation and (**provided that** payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void coupons.

- (e) *Payments on business days*: If the due date for payment of any amount in respect of any Note or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a Euro account as referred to above, on which the TARGET System is open and on which commercial banks and foreign exchange markets settle payments generally in London.
- (f) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at a Specified Office of any Paying Agent outside the United States.
- (g) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

11. **Taxation**

- (a) *Gross up*: All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without 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 therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the amount of the payments of principal and interest in respect of the Notes and the Coupons due by or on behalf of the Issuer shall be increased to an amount which, after applying the aforementioned withholding or deduction, leaves an amount equal to the payment which would have been due if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:
 - (i) in the Republic of Italy; or
 - (ii) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Republic of Italy, other than the mere holding of the Note or Coupon; or
 - (iii) where such withholding or deduction is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**") or any law or agreement implementing or complying with, or introduced in order to conform to, the EU Savings Directive; or
 - (iv) 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
 - (v) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days; or

- (vi) by or on behalf of a holder of the Notes or Coupons who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or residence or other similar claim for exemption; or
 - (vii) by or on behalf of a non-Italian resident, to the extent that interest or any other amounts is paid to a non-Italian resident which is resident in a tax haven country pursuant to Article 110, paragraph 10 of Presidential Decree No. 917 of 22 December 1986 (as currently defined and listed in the Italian Ministry of Finance Decree of 23 January 2002); or
 - (viii) in relation to any payment or deduction of any interest, premium or proceeds of any Notes or Coupons on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996 ("**Decree 239**") as amended and/or supplemented or any regulations implementing or complying with such Decree.
- (b) *Taxing jurisdiction:* If the Issuer becomes subject with respect to its income at any time to any taxing jurisdiction other than the Republic of Italy by reason of its tax residence or a permanent establishment maintained therein, references in these Conditions to the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdiction.

12. **Events of Default**

If any of the following events occurs and is continuing: then the Trustee at its discretion may and, if so requested in writing by holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified or provided with security or prefunded to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality:

- (a) *Non payment:* the Issuer fails to pay any amount of principal or interest in respect of the Notes on the due date for payment thereof and such failure continues for a period of 10 days; or
- (b) *Breach of other obligations:* the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Trust Deed, including (without limitation) Condition 4 (*Negative Pledge*), Conditions 5 (*Limitation on Indebtedness*) and Condition 6 (*Limitation on transactions with Affiliates*) and such Default (i) is, in the opinion of the Trustee, incapable of remedy or (ii) being a Default which is, in the opinion of the Trustee, capable of remedy but such Default remains unremedied for 30 days after the Trustee has given written notice thereof to the Issuer; or
- (c) *Cross default of Issuer or Subsidiaries:*
 - (i) any Indebtedness of the Issuer or any of its Subsidiaries is not paid when due or (as the case may be) within any applicable grace period;
 - (ii) any such Indebtedness becomes due and payable prior to its stated maturity by reason of an event of default, howsoever described; or
 - (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness within any applicable grace period; or

provided that, an Event of Default pursuant to this Condition 12(c) shall only occur if the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds €25 million (or its equivalent in any other currency or currencies); or

- (d) *Unsatisfied judgment*: one or more judgment(s) or order(s), from which no further appeal or judicial review is permissible under applicable law, for the payment of an amount in excess of €10 million (or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered against the Issuer or any of its Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or
- (e) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Subsidiaries; or
- (f) *Insolvency / inability to pay debts*: (i) the Issuer or any of its Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer or any of its Subsidiaries or the whole or any part of the undertaking, assets and revenues of the Issuer or any of its Subsidiaries is appointed (or application for any such appointment is made unless such application is contested or stayed in good faith or dismissed within 60 days) in connection with any insolvency proceeding or (iii) the Issuer or any of its Subsidiaries takes any action for a readjustment or deferment of any of its obligations (other than any agreement evidenced in writing amending the terms of any obligation entered into in the ordinary course of its business by the Issuer or a Subsidiary (as the case may be), in each case whilst solvent and in circumstances other than inability to pay debts and in which no event of default (howsoever described) has occurred) or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it; or
- (g) *Cessation of business*: the Issuer or any of its Subsidiaries ceases or threatens to cease to carry on all or a substantial part of its business, (otherwise than for the purposes of, or pursuant to, a Permitted Reorganisation, **provided that** the occurrence of a Put Event listed under Condition 9(c) (*Redemption and Purchase – Redemption at the option of Noteholders upon a Change of Control*) will not trigger the Event of Default set forth in this Condition 12(g)); or
- (h) *Winding up, etc.*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Subsidiaries (otherwise than for the purposes of a Permitted Reorganisation or pursuant to the solvent liquidation of any of its Subsidiaries); or
- (i) *Analogous event*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (d) to (h) above; or
- (j) *Failure to take action, etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer to lawfully enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes or the Trust Deed, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the Coupons and the Trust Deed admissible in evidence in the courts of the Republic of Italy is not taken, fulfilled or done; or
- (k) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed, unless the matter giving rise to such unlawfulness is promptly remedied by the Issuer.

13. **Prescription**

Claims for principal shall become void unless the relevant Notes are presented for payment within 10 years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

14. **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 Principal Paying Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

15. **Trustee and Paying Agents**

Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual holders of Notes or Coupons including as a result of such holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor principal paying agent and additional or successor paying agents; **provided, however, that** the Issuer shall at all times maintain (a) a principal paying agent; (b) a paying agent in Ireland; and (c) a paying agent in a European Union member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

16. **Meetings of Noteholders; Noteholders' Representative; Modification and Waiver;**

- (a) *Meetings of Noteholders:* The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution (as defined in the schedules of the Trust Deed).

In relation to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution, the following is a summary of the provisions of the Trust Deed that shall apply in respect of the Notes subject to any mandatory laws, legislation, rules and regulations of the Republic of Italy and the by-laws of the Issuer in force from time to time (including, without limitation, Legislative Decree No. 58 of 24 February 1998) and shall be deemed to be amended, replaced and supplemented to the extent that such laws, legislation, rules and regulations and the by-laws of the Issuer are amended at any time while the Notes remain outstanding:

- (i) a meeting of Noteholders may be convened by the Issuer and/or by the Noteholders' Representative and/or by the Trustee and shall be convened by either of them upon the request in writing of Noteholders holding not less than one twentieth of the aggregate principal amount of the outstanding Notes;
- (ii) a meeting of Noteholders will be validly held as a single call meeting ("**Single Call Meeting**") or as a multiple call meeting ("**Multiple Call Meeting**") if (1) in the case of a Single Call Meeting, there are one or more persons present,

being or representing Noteholders holding at least one-fifth of the principal amount of the Notes for the time being outstanding or such higher quorum as may be provided for in the Issuer's by-laws or (2) in the case of a Multiple Call Meeting, (A) there are one or more persons present, representing or holding at least half of the aggregate principal amount of the outstanding Notes, or (B) in the case of a second meeting following adjournment of the first meeting for want of quorum, there are one or more persons present representing or holding more than one third of the aggregate principal amount of the outstanding Notes, or (C) in the case of any subsequent meeting following a further adjournment for want of quorum, there are one or more persons present representing or holding at least one fifth of the aggregate principal amount of the outstanding Notes **provided, however, that** Italian law and/or the Issuer's by-laws may in each case (to the extent permitted under applicable Italian law) provide for a higher quorum. For the avoidance of doubt, each meeting will be held as a Single Call Meeting or as a Multiple Call Meeting depending on the applicable provisions of Italian law and the Issuer's by-laws as applicable from time to time; and

- (iii) the majority required to pass an Extraordinary Resolution at any meeting (including any meeting convened following adjournment of the previous meeting for want of quorum) will be (A) for voting on any matter other than a Reserved Matter, at least two thirds of the aggregate principal amount of the Notes represented at the meeting or (B) for voting on a Reserved Matter, at least one half of the aggregate principal amount of the outstanding Notes, unless a different majority (higher or lower depending on the circumstances) is required pursuant to Article 2369, paragraph 3 or paragraph 7, of the Italian Civil Code, respectively **provided, however, that** the Issuer's by-laws may in each case under (A) and (B) above (to the extent permitted under applicable Italian law) provide for a larger majority.
- (b) *Noteholders' Representative:* A representative of the Noteholders (*rappresentante comune*) (the "**Noteholders' Representative**"), subject to applicable provisions of Italian law, will be appointed pursuant to Article 2417 of the Italian Civil Code in order to represent the Noteholders' interests under these Conditions and to give effect to resolutions passed at a meeting of the Noteholders. If the Noteholders' Representative is not appointed by a meeting of such Noteholders, the Noteholders' Representative shall be appointed by a decree of the court where the Issuer has its registered office at the request of one or more Noteholders or at the request of the Board of Directors of the Issuer. The Noteholders' Representative shall remain appointed for a maximum period of three years but may be reappointed again thereafter and shall have the powers and duties set out in Article 2418 of the Italian Civil Code.
- (c) *Modification and waiver:* The Trust Deed contains provisions according to which the Trustee may, without the consent of the Noteholders, agree to any modification of these Conditions, the Agency Agreement or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of the Noteholders and to any modification of the Notes or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error. In addition, the parties to the Trust Deed may agree, without the consent of the Noteholders, to modify any provision thereof it is made to comply with mandatory laws, legislation, rules and regulations of the Republic of Italy and the Issuer's by-laws applicable to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution and entered into force at any time while the Notes remain outstanding (including, without limitation, Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies as implemented in the Republic of Italy, as amended or supplemented from time to time).

In addition, the Trustee may, without the consent of the Noteholders, authorise or waive any proposed breach or breach of the Notes or the Trust Deed or determine that any

Event of Default shall not be treated as such (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders as soon as practicable thereafter.

- (d) *Entitlement of the Trustee:* In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences (including but not limited to tax consequences) of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders, subject to applicable mandatory provisions of Italian law.

17. **Enforcement**

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes, but it shall not be bound to do so unless:

- (a) it has been so requested in writing by the holders of at least one quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and
- (b) it has been indemnified or provided with security or prefunded to its satisfaction.

No Noteholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

18. **Further Issues**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed.

19. **Notices**

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper (which is expected to be the Financial Times) and, if the Notes are admitted to trading on 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 published on the website of the Irish Stock Exchange (www.ise.ie) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. 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.

20. **Governing Law and Jurisdiction**

- (a) *Governing law:* The Notes and the Trust Deed and all non-contractual obligations arising out of or in connection with the Notes and the Trust Deed are governed by English law.
- (b) *Jurisdiction:* The Issuer has in the Trust Deed (i) agreed for the benefit of the Trustee and the Noteholders that the courts of England shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including any

non-contractual obligation arising out of or in connection with the Notes); (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; (iii) designated a person in England to accept service of any process on its behalf; and (iv) consented to the enforcement of any judgment. The Trust Deed also states that nothing contained in the Trust Deed prevents the Trustee or any of the Noteholders from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction and that, to the extent allowed by law, the Trustee or any of the Noteholders may take concurrent Proceedings in any number of jurisdictions.

- (c) *Process agent:* The Issuer agrees that any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with Parts 34 and 37 of the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of the Trustee appoint a further person in England to accept service of process on their behalf and, failing such appointment within 15 days, the Trustee shall be entitled to appoint such a person by written notice addressed to the Issuer. Nothing in this paragraph shall affect the right of the Trustee or any of the Noteholders to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

There will appear at the foot of the Conditions endorsed on each Note in definitive form the names and Specified Offices of the Trustee and the Paying Agents as set out at the end of this Prospectus.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Notes will initially be in the form of the 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 ESCB 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 against presentation and surrender of the Permanent Global Note to the Principal Paying Agent if either of the following events (each, an "**Exchange Event**") occurs: (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 12 (*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 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 Principal Paying Agent within 30 days of the occurrence of the relevant Exchange Event.

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 "**business day**" means any day on which the TARGET System is open.

Exercise of put option: In order to exercise the option contained in Condition 9(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 the Principal 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 19 (*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) deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg, 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 19 (*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 Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall be published in a leading newspaper having general circulation in Ireland (or published on the website of the Irish Stock Exchange (www.ise.ie)).

USE OF PROCEEDS

The net proceeds of the issue of the Notes, expected to amount to €226,421,200 after deduction of the commissions and the other expenses incurred in connection with the issue of the Notes, will be used by the Issuer in order to repay all of its long-term and short-term outstanding borrowings, including a loan facility to which some of the Managers, directly or through parent companies and/or an affiliate, are lenders which, as at the date of this Prospectus, amount to approximately €191 million and for general corporate purposes.

DESCRIPTION OF THE ISSUER

INTRODUCTION

EI Towers S.p.A. ("**EIT**" or the "**Issuer**") is incorporated in Italy as a joint stock company (*società per azioni*) and is registered in the Companies' Register of the province of Monza and Brianza under number 12916980159.

Its registered office and principal place of business is at Via Zanella no. 21, 20851 Lissone (MB), Italy and its telephone number is +39 039 24321. The Issuer was incorporated in 1999 and, pursuant to Article 3 of its by-laws, its duration is until 31 December 2050. The duration of the Issuer may be extended in accordance with the applicable laws of Italy.

The Issuer's shares are listed on the *Mercato Telematico Azionario*, STAR segment, the market segment of the screen-based equity market of the Italian Stock Exchange.

The Issuer is the parent company of the EI Towers Group (the "**Group**"), which operates in the business of network infrastructures and integrated services for electronic communications for the benefit of radio and television broadcasters, mobile telecommunications service providers, wireless internet providers, public utilities and government institutions.

HISTORY AND DEVELOPMENTS

The Issuer as it currently stands is the result of the merger by incorporation (the "**Merger**") of EI Towers S.p.A. ("**Pre-Merger EI Towers**") (a company wholly owned by Elettronica Industriale S.p.A. ("**Elettronica Industriale**")) in DMT S.p.A. ("**DMT**"). Following the Merger, DMT changed its name to EI Towers S.p.A.

For further details on the Merger, please see "*The Merger*" below.

Historical overviews of DMT and Elettronica Industriale are provided hereafter, with a specific focus in the latter case of the part spun off to Pre-Merger EI Towers.

History of Pre-Merger EI Towers

Elettronica Industriale was set up in 1973 as a company active in the planning and construction of electronic devices and in the design, construction and operation of television systems. The first activities carried out by Elettronica Industriale regarded the design and building of systems for the broadcast and repetition of television signals of foreign broadcasters airing programmes in the Italian language.

During the 1980s, Elettronica Industriale began working in the design, construction and operation of three national television networks, now the main free channels of Mediaset S.p.A. and its subsidiaries (the "**Mediaset Group**") (*Canale 5, Italia 1, and Retequattro*).

Between 1991 and 1999, through the acquisition of 16 regional broadcasters and their subsequent merger, Reti Televisive Italiane S.p.A. ("**RTI**") (wholly owned by Mediaset S.p.A. the parent company of the Mediaset Group of which Elettronica Industriale is also part) became the owner of a significant number of towers in relation to such broadcasters. During this period, Elettronica Industriale was operating more than 1,700 television stations, and all of the technological systems functional to the RTI broadcasts.

Effective from 30 June 2011 Elettronica Industriale, as a preliminary step to the Merger, sold its network infrastructure as well as most of its personnel and all of its operating assets dedicated to the planning, creating and managing of electronic communications networks and to the providing of related services to Pre-Merger EI Towers, while Elettronica Industriale only maintained the ownership of the transmitters and the frequencies.

History of DMT

In 2000 a group of managers within Elettronica Industriale, following a spin-off, created DMT which acquired from Elettronica Industriale its business unit dedicated to the planning, production, marketing and sale of television broadcasting systems. The transaction entailed the acquisition of know-how and personnel, but not of towers.

In the period between 2001 and 2003, DMT undertook an acquisition campaign targeting towers dedicated to hosting radio and television broadcasting systems. The acquisitions mainly involved small companies across Italy or business units. In 2003, DMT incorporated several companies that managed around 140 towers into Towertel S.p.A. ("**Towertel**") (a company wholly owned by DMT), thereby expanding and strengthening its hosting services, including the mobile communications business.

In June 2004, DMT, with the objective of becoming one of the nation's largest tower operators, successfully completed its public listing on the Milan Stock Exchange and placed a majority stake in the company on the market. By then DMT held an important nucleus of infrastructures in northern Italy's richest regions.

During the period between 2005 and 2008, with a steady and planned progression of acquisitions (over 40 transactions) of towers, business units and firms, all of which already had revenue-generating infrastructures, DMT's portfolio of managed sites was expanded to cover all of northern Italy, and thus, most of the national territory. As a result, DMT increased the number of managed towers from approximately 500 to approximately 1,500, hosting all the major TV and radio broadcasters, as well as the four major mobile telecom carriers.

In 2009, following the assignment by the Italian Ministry of Economic Development – Telecommunications Department (*Ministero dello Sviluppo Economico – Dipartimento Comunicazioni*) of the Wi-Max frequencies and with the launch of broadband wireless connections, DMT actively worked to host on its infrastructure new technology systems dedicated to wireless data traffic aimed at covering the national territory. At the same time, DMT actively supported all of its existing television customers in the changeover from analogue to digital technology.

With the objective of increasingly focusing on infrastructures, at the beginning of 2010, DMT finalised the sale of the technological systems business (television transmitters) to a company headed by a former manager of DMT. After such sale, DMT became exclusively an independent operator of infrastructures situated across the national territory and its main focus was on new business opportunities in the Tower sector, including opportunities on a larger scale.

The Merger

On 2 January 2012, Pre-Merger EI Towers was merged by incorporation into DMT which was subsequently renamed as the former, EI Towers S.p.A. The personnel and assets of both companies were merged into a single entity operating a portfolio of around 2,700 sites, of which around 400 sites fully dedicated to mobile telecommunications clients, developing a full-service business model by integrating the traditional services offered by a tower operator with additional services with high-technology added value.

The Merger was intended to create a leading operator in Italy in the business of electronic communications network infrastructure and related services and is designed to create key synergies between the respective businesses, with the aim of increasing value for all shareholders.

In particular, from DMT's perspective, the rationale of the merger was the diversification of the business towards national broadcasters, capturing the main client in a highly concentrated broadcasting market, and the possibility to increase the scale of the business.

Furthermore, following the Merger the aggregate volume of revenues significantly increased, resulting in a significant dilution of the revenues derived by local broadcasters on the total revenues.

The Merger also allowed Mediaset S.p.A. to: (i) start an efficiency plan on a consolidated business, (ii) render explicit and therefore enhance the value of the tower asset through listing, and (iii) create value by opening to third parties a formerly captive network (*i.e.*, a network only accessible by the relevant owner) in order to attract new clients.

DMT contributed its know-how and experience, in managing an efficient and effective infrastructure and, in particular, in expanding its towers' portfolio and increasing its client base.

Pre-Merger EI Towers contributed its experience in the managing, maintaining, engineering and planning of terrestrial television networks.

The combination of the two towers' portfolios allowed the resulting company to strengthen the national coverage and to obtain more significant coverage than would have been possible by each merging company on its own and as a result, the Issuer is now able to offer hosting services throughout most of Italy.

The broadcasting segment of the tower market in Italy is in fact characterised by around 6,000 sites on a national basis. The Issuer owns and manages a portfolio of around 2,300 broadcasting sites. The second player in the market, the captive network of RAI Group (the group held by Radio Televisione Italiana S.p.A., the state-owned broadcaster) is represented with a substantially equivalent portfolio of more than 2,400 sites¹.

The rest of the market is highly fragmented and represented by local and regional players spread across the territory and mainly focused on small-mid size clients.

In the mobile telecom segment the market is characterised by approximately 50,000 sites directly owned by the 4 leading telecommunications mobile operators. The Issuer represents the biggest independent player in this highly concentrated segment, with around 400 "pure" mobile telecommunication towers in addition to actual and potential hosting capacity in traditional broadcasting sites.

Management believes that the common infrastructure allows the Issuer to offer solutions for both hosting services and the supply of integrated services for the broadcasting and transmission of radio-television signals.

Furthermore, the Merger was also aimed at improving the cost efficiency, in particular, management costs by making better use of internal resources and negotiating more advantageous contracts with the main suppliers.

The main steps of the Merger can be summarised as follows:

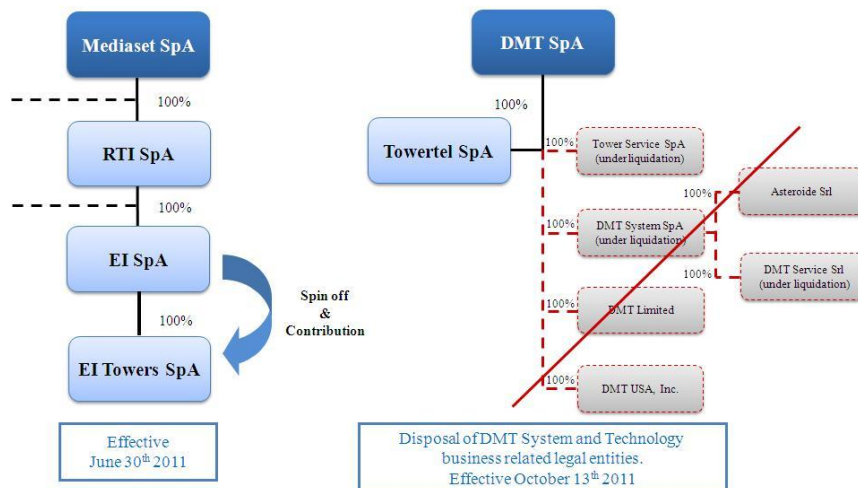
- On 30 March 2011, Elettronica Industriale and DMT announced they had begun exclusive negotiations to define a project of integration of the assets, respectively owned, in the business of broadcasting and wireless towers, to be carried out by a merger by incorporation of Pre-Merger EI Towers into DMT.
- On 28 July 2011, the board of directors of each company approved the merger plan and related illustrative report and determined the exchange ratio.
- On 13 October 2011, DMT transferred to a third party its direct and indirect interests in companies related to the so called "technology business", the bulk of them already being in liquidation and accounted as discontinued operations in its consolidated financial statements in accordance with international accounting standards (IFRS 5).
- On 14 October 2011, the shareholders of each company approved the Merger and the shareholders of DMT also approved a related capital increase.
- On 14 December 2011, following the opinion of the Italian Telecommunication Authority (*Autorità per le Garanzie nelle Comunicazioni*), the competent Italian Competition Authority (*Autorità Garante della Concorrenza e del Mercato*) approved the Merger subject to certain provisions applicable to, and undertakings of, the Issuer included in its decision in Order no. 23117 (see "*Measures imposed by the Italian Competition Authority in authorising the Merger*" below).
- On 30 December 2011, an information document supplementing the one previously published on 29 September 2011 was made available to the public. On the same day the merger deed was underwritten. This took effect, pursuant to the current Italian applicable legislation, when registered in the relevant Companies' Register on 2 January 2012. From the first day of the fiscal year in which the Merger took effect, assets and liabilities of the incorporated company have been recorded in the

¹ Source: Radio Televisione Italiana S.p.A. consolidated annual report as at and for the year ended 31 December 2011 which indicates 2,431 sites.

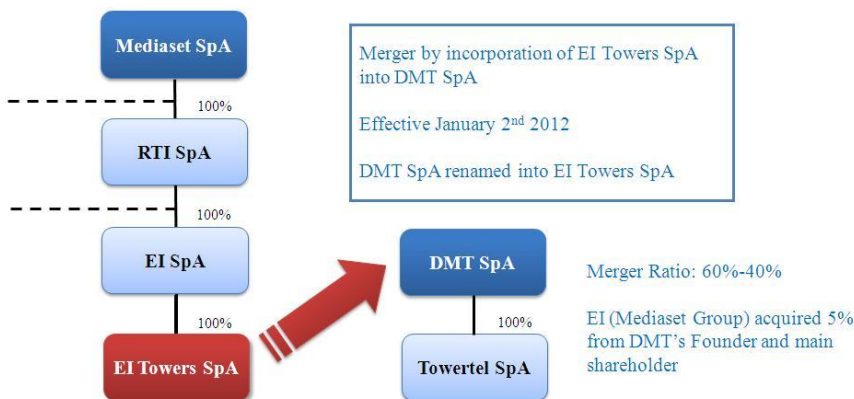
financial accounts of the incorporating company. As the Merger was registered on 2 January 2012, it became effective for accounting purposes from 1 January 2012.

Please find below a simplified diagram showing the main steps of the Merger²

Preliminary Steps



Merger



Events following the Merger

In 2012, the first year of activity post-Merger, management of the Issuer, in order to achieve the targets established in its approved 2011-2016 business plan targets, focused its activity on the combination of the two merged entities.

In particular, among the most important tasks the management has identified to carry out there has been the integration of two existing structures and the merger of two different cultures, one characterised by a strong commercial approach (former DMT) and one centralised on the technological excellence in network management (former Mediaset S.p.A. activities contributed to the deal).

² Source: Issuer's internal data

Management believes that the positive results of this integration process in terms of operational efficiencies have been visible since the first quarter of 2012 and were also above expectations in the following quarters.

In addition to this process, management considers that important results were achieved also from the commercial activity, namely the renewal of the contract with Telecom Italia Media Broadcasting S.r.l. for a term of 12 years (including a right to negotiate in good faith the extension of such contract for an additional 6 years on the same terms and conditions), increasing the average maturity of the contracts portfolio, and a new agreement with Infront Italy Srl in order to provide signal management services for the Italian football championship.

STRATEGY

The Issuer's objectives are: (i) to consolidate and expand its role as a leading independent tower operator, given its years of experience in acquiring and managing assets of entities operating in the same business; and (ii) to increase the services provided to its customers by offering a wide range of integrated services that go beyond the traditional hosting and maintenance services.

For further information on the services provided by the Issuer, see "*Main services provided by the Issuer*" below.

BUSINESS OVERVIEW

Pursuant to Article 4 of its by-laws, the corporate purpose of the Issuer consists of the following activities:

- (i) the design, construction and/or management of telecommunications networks and infrastructures;
- (ii) the supply of services and turnkey systems for television broadcasting, telecommunications, the multimedia sector, information and communications technology ("**ICT**");
- (iii) the provision of services and consultation in the telecommunications and multimedia sectors; and
- (iv) the design, construction, marketing and reconditioning of devices for telecommunications, the multimedia sector, ICT and automation.

The Issuer operates in Italy in the business of network infrastructures and integrated services for electronic communications for the benefit of radio and television broadcasters, mobile telecommunications service providers (GSM/UMTS/LTE), wireless internet providers (WiFi/WiMax), public utilities and government institutions.

As of 31 December 2012, the Issuer manages a portfolio of approximately 2,700 infrastructures (of which approximately 2,300 broadcasting towers and around 400 "pure" mobile telecom towers). These are mainly technological facilities, poles or masts, distributed across Italy and dedicated to hosting transmission equipment and broadcasting antennas through which the Issuer hosts and manages around 10,000 of its customers' systems. The infrastructure is able to almost completely cover the Italian population (coverage at least 96 per cent.³). In addition to managing infrastructure, the Issuer provides certain customers with a more technological and comprehensive service in planning, designing, constructing and full-service operating television broadcasting network infrastructures, including head-end platforms.

Within this framework, the Issuer also offers contribution management services – aimed at the transportation of contents from remote sources (for example, from TV studio production facilities or remote areas for live news) – using fibre optic infrastructures and leased satellite capacity. EIT has fibre optic infrastructure that runs throughout the country, with around 6,000 kilometres of fibre optic cable and leased satellite capacity of two up-link platforms (one main and its backup) for the transponders rent under multi-year contracts.

³ Source: Issuer's internal data

The Issuer operates through its own personnel and a nationwide network of suppliers and professionals. It combines the established technological experience and know-how of Elettronica Industriale together with the dynamism and focus of the pre-merger DMT Group, which has maintained an extensive customer portfolio.

Markets in which the Issuer operates

The Issuer conducts its business in the Italian infrastructure/site (towers, poles and masts) dedicated to hosting cell phone and radio-television signal broadcasting equipment, as well as broadband and public utility connections ("**Towering**" or "**Tower Business**").

In 2012, the revenues generated from the Group's top 10 clients accounted for approximately 89 per cent. of its total revenues, indicating a significant concentration of commercial counterparts.

The Issuer's main clients are television and telephone companies of high standing and, in particular, include such companies as the Mediaset Group, Telecom Italia, Vodafone, Wind and H3G which represent approximately 87 per cent. of the Issuer's total revenues (with Mediaset Group accounting for approximately 76 per cent.).

The Group generally operates on the basis of multi-year leases and service contracts. Furthermore, it is worth highlighting that it is customary for tower sector contracts to be renewed before their termination, due to the fact that tower sector companies, including the Issuer, offer a critical service to their clients, reducing to a very small percentage the clients which could terminate their contracts. The stability of such relationships is enhanced further by the high costs of switching provider, which, in the majority of circumstances, would be disproportionate to any potential saving gained in switching to an alternative network.

The Issuer infrastructure has spare capacity to host up to two new national TV broadcasters on a national basis – and such capacity has scope for further expansion. Thanks to such availability, it would be possible for the Group to host a new client assigned a DVB-T national frequency, should such an opportunity arise following any forthcoming auctions). Furthermore, the network is able to host any new mobile telecom operator ("**Mobile TLC**") tenant/client.

Below is a description of the main markets in which the Issuer operates.

Television broadcasting

The Issuer has been at the forefront of the industry, participating in international initiatives to regulate it and set service standards. Furthermore, it played a key role in the conversion of Italian television networks from analogue to digital technology, working together with its business partners and its customers in order to encourage respect of the applicable timetables and to minimise inconveniences in the reconfiguration of television coverage.

The Group participated in the development and expansion of national and local television broadcasters in Italy, and through the range of services offered it has worked hand in hand with these during the delicate transition from analogue to digital technology. The latest generation 'DVB-T' and 'DVB-T2' standard technologies have found, in management's view, an optimal placement in most of the towers dedicated to television broadcasting.

Radio broadcasting

With an increase in the movement of audiences, an extensive network of towers has, in the Issuer's view, become essential. In this market the Issuer believes that it has the size and coverage over national territory to guarantee radio signal, whether in AM/FM analogue technology or through DAB.

Mobile telephony

The Group has a vast portfolio of towers including broadcast towers strategically positioned for long-range coverage and urban rooftop sites well suited to the needs of telecommunications providers operating with GSM, DCS, UMTS, or LTE technology.

Wireless broadband

The spiralling development of broadband usage by fixed or mobile wireless broadband service providers has led to double-digit growth of the market in recent years. The Issuer offers support in network development for both customers operating with Wi-Max technology with 3.6Ghz band frequencies and customers operating with Wi-Fi, Wi-Max and Hiperlan which make use of the free 2.6-5Ghz bands.

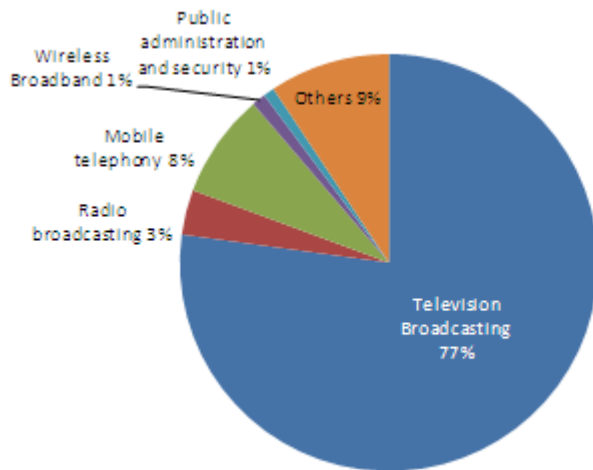
Public administration and security

EIT guarantees operational coverage of water and energy utilities and the communication network of the civil defence force and law enforcement authorities.

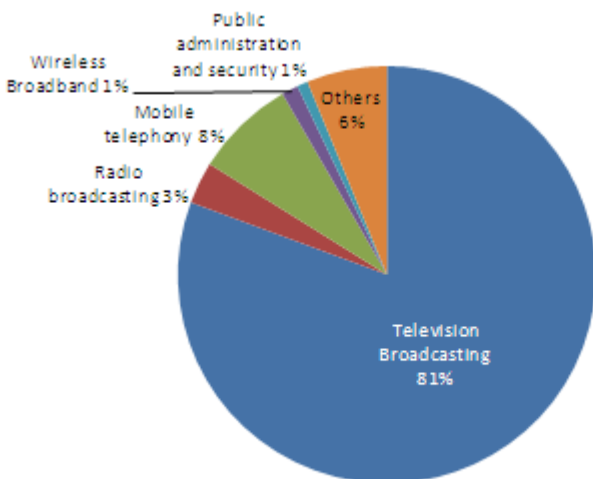
The pie charts below show a breakdown of the Issuer’s revenues by business sector as at and for the year ending on 31 December 2011 and 31 December 2012 respectively.

For further details on the differences in the drawing of the Issuer’s financial data in 2011 and 2012, respectively see "Summary of financial information" above.

2011



2012



Source: Issuer’s internal data

In respect of television broadcasters, which in 2012 represented 81 per cent. of the Issuer’s total revenues, the main clients were Mediaset Group (90 per cent.), TIMB (3 per cent.) and ReteA (1 per cent.).

In respect of mobile TLC operators, which in 2012 represented 8 per cent. of the Issuer's total revenues, the main clients were Vodafone (29 per cent.), TIM (29 per cent.), H3G (22 per cent.) and Wind (18 per cent.).

The Italian market

Demand in the Tower Business market is represented by operators that use signals sent over the airwaves to conduct their business. The main parties involved are (i) radio-television operators; (ii) land line, cell phone, Wi-Max and Wi-fi telecommunications operators; (iii) government agencies and companies that perform services solely for government agencies; and (iv) private parties for internal connectivity purposes. The market is relatively concentrated as there is a relatively small number of large national clients, mainly telephone and television operators, as well as a large number of smaller clients, most of them active at a local level.

The TV market

After the television digital switch-over completed in 2012, management believes that the demand for new coverage from TV broadcasters may be linked to specific transmission technology developments (*i.e.*, DVBT-2) that might require infrastructures for equipment hosting.

Digital terrestrial broadcasting currently represents the dominant distribution platform in the Italian market, as compared to satellite broadcasting which represents the leading platform only in respect of the Pay-TV market.

The success of digital terrestrial broadcasting is due to a number of factors, including without limitation, the worldwide diffusion of European DTT standards, the increasing investments aimed at optimising the network design in order to efficiently use the available spectrum of frequencies, the low costs related to the media delivery process and the easy access to HD media contents granted to end-users and customers.

In light of the 2,300 sites under management, the Issuer has a dominant position in the Italian TV market, due to the structure of the market itself and to the existence of entry barriers, such as a complex orography and a strict regulatory framework, which imposes a number of constraints to the construction and development of new towers in Italy.

The only competitor on a comparable scale is represented by RaiWay (a subsidiary of Radio Televisione Italiana S.p.A., the government-owned TV broadcaster), which manages approximately 2,431⁴ sites. RaiWay's only client is Radio Televisione Italiana S.p.A. and, as such, is only accessible to its owner and therefore not open to third parties. The rest of the comparative market is fragmented into a number of local players.

Please find below a table showing the number of sites held by the Issuer compared to its main competitors⁵:

	# Sites	Share
EI Towers	~2,300	38%
Rai Way	~2,400	40%
Others	~1,300	22%

The Issuer's position in the TV market is also fuelled by the high switching costs which represents a significant disincentive for potential competitors and by the additional services provided by the Issuer which serve as an effective client retention tool (see "*Markets in which the Issuer operates*" above).

⁴ Source: RAI Group 2011 financial statements.

⁵ Source: Issuer's internal data.

The radio market

The radio sector is relatively stable and resilient to technological evolution. Traditional indoor listening is being gradually replaced by web-based digital delivery platforms which, however, do not currently guarantee a full coverage of the national territory. On the other hand, the Issuer's management believes that car listening which relies on traditional broadcasting, both in terms of current and future performance, will retain a dominant share of the radio market and will require full coverage of the national territory.

The Issuer's management believes that, given the Issuer's experience in managing the digital switchover and the wide range of services it offers, the Issuer may be at an advantage in capturing potential future opportunities arising from the transition to digital audio broadcasting (DAB) systems.

The Mobile TLC market

With regards to Mobile TLC operators, management expects that the launch of new technologies, such as Long Term Evaluation ("LTE") will lead to a growth in demand for tower sites given that wireless carriers will need to start the roll-out of the new networks to guarantee the coverage as a result of the increase in data usage from subscribers.

As of the date of this Prospectus, the four mobile operators (TIM, Vodafone, Wind and H3G) own the largest number of sites in Italy, about 90 per cent.

The Group's clients include telecommunications groups that provide cell phone service and wireless connectivity business in Italy, as well as television and radio broadcasters hosted at the facilities. The Issuer also works with local and national public utility and public safety operators, hosting their equipment on its infrastructures.

Main services provided by the Issuer

Hosting and maintenance

The Issuer offers hosting to transmitting devices for radio and television broadcasters as well as mobile and other wireless providers at suitable locations (including outdoors) near a tower or mast, and installs the related radiant systems on the structure (alternatively, wherever possible, it provides the sharing of the radiant systems already installed).

The Issuer also provides ordinary and emergency maintenance services for the hosted devices and radiant systems. Ordinary maintenance consists of the periodic check of the proper functioning of the systems through procedures targeted to the maintenance of their optimal state of efficiency, while emergency maintenance entails diagnosis and the possible reinstatement (including partial reinstatement) of the operation of the systems following a service interruption.

Full service for TV broadcasting

In addition to the traditional hosting and maintenance services typical of an independent tower operator, the Issuer supplies the Mediaset Group (also available to other national network operators of prime standing) a comprehensive turnkey television network management service. Such service includes a series of related activities such as the design, planning, construction and management of a network with a specific level of coverage chosen by the customer, as well as the service of transporting the digital signal to broadcast sites.

The related technical and operational support, the governance of technological development, and in some cases, the development of the related head-end platforms is also provided by the Issuer. This may also be extended to include the service of managing contribution traffic, with the Issuer being able to make use of its optic fibre infrastructures and leased satellite capacity in this regard.

Backed by its experience in the radio/television business and its extensive organisation in the national marketplace (in terms of both infrastructures and dedicated resources), the Issuer supplies a turnkey service, addressing its products and services mainly to national and macro-regional operators who can consequently concentrate their operating resources on editorial content, completely outsourcing the management of network-related services. This model allows for opening the television market to new

entities that, even though lacking experience and a specially dedicated technical network structure, can nonetheless introduce their television programmes to the market and in some cases, make part of their transmission capacity available to third parties who, in turn, can come to the market as suppliers of content only.

Site acquisition

The Issuer identifies and acquires sites in relation to which it then undertakes architectural and executive planning of infrastructure, deals with permit applications, compiles environmental/radio impact studies and manages the contracts for the purchase/sale or lease of land.

Station engineering

Station engineering consists of determining arrangement of equipment at sites, as well as positioning antennas and services for starting up facilities. Such activities involve static and structural checks, plant design, compliance with laws and maintenance of permits. The Issuer also provides services of plant reallocation and optimisation as well as sizing of technological systems, electrical systems, cooling systems, back-up power systems, access control and video-surveillance and burglar systems.

Network engineering

Network engineering consists of identifying site locations, connection between sites and coverage characteristics of the land involved based on client goals. Other activities include network design, development and optimisation as well as simulations of radio coverage, field measurements, planning of Single Frequency Network networks for Digital Video Broadcast – Terrestrial broadcast, sizing of radiant systems, cluster radio engineering, planning of remote control systems.

Design and construction of infrastructures

The Issuer further manages building works, planning, construction and installation of structural work for masts, poles and towers and the set-up of facilities or shelters for telecommunications.

Installation and testing of systems and devices

After engineering of a project is complete, the Issuer provides services aimed at connecting facilities within the site and making such facilities operational. The main activities consist of the design and construction of radiant systems, connection and testing of waveguides and coaxial radio frequency cables, installation, testing of electrical systems and devices with related certification.

Corrective maintenance

The Issuer provides, upon express request, corrective and developmental maintenance services to its customer's systems and runs the technical controls requested by law to the plant and security systems.

Commercial services and customer care

Such services consists of the management of customer relationships, the arrangement of hosting contracts and maintenance on the basis of the customer's specific requests and the development of bids for implementation of the network and for extraordinary services and activities.

Tower management

Tower management services consist of operational management, managing relationships with government and private entities responsible for tower sites and involve the management of real estate assets through the optimisation and modernisation of infrastructures and the reduction of operating costs.

LEGAL AND REGULATORY FRAMEWORK

The Issuer carries out its main activities within the legislative and regulatory framework applicable to companies providing network infrastructures in Italy. Such framework is made up of laws enacted at national level and secondary level legislation issued and applied at local level.

The two main national laws applicable to the building sector are: (i) the Italian Presidential Decree No. 380/2001, issued on 6 June 2001 as amended ("*Testo Unico per l'Edilizia*"), which is the law that consolidated all past provisions regulating building activities in Italy; and (ii) Legislative Decree No. 259/2003, issued on 1 August 2003 as amended (the "*Codice delle Comunicazioni Elettroniche*"), which includes, *inter alia*, a simplified regime regulating the building, maintenance and installation of transmitting infrastructures.

The main local regulations applicable to the Issuer are: (i) general urban plans (*piano regolatore*) which will regulate, for example, whether broadcasting or telecommunication infrastructures can be built within a certain area and which are issued by the competent local authorities (*Comuni*); and (ii) other administrative regulations implementing national law with the scope of protecting important areas of public interest such as the environment, historical heritage and health, as for example Legislative Decree No. 42/2004 ("*Codice dei Beni Culturali e del Paesaggio*"). Furthermore, Law No. 36/2001, issued on 22 February 2001 ("*Legge sull'Elettrosmog*"), which provides the legislative framework on protection from electric, magnetic and electromagnetic exposures, is not directly applicable to the Issuer but to its clients. The responsibility for not exceeding the electric pollution limits set in this law lies with broadcasters and telecommunication operators while the Issuer, merely provides the infrastructures.

It is worth highlighting that towers companies nowadays rarely build entirely new infrastructures as it is hard to obtain the necessary authorisations from the local authorities for such projects and, therefore, their activity is mainly concentrated on the maintenance and management of existing infrastructures in compliance with the applicable legal and regulatory framework.

Furthermore, the Issuer's clients are required to comply with the Geneva Plan of 2006 (i.e. RRC-06, *Regional Radiocommunication Conference 2006*) which, *inter alia*, governs the use of frequencies by the broadcasting service and other primary terrestrial services in the frequency bands ranging between 174-230 MHz and 470-862 MHz and contain frequency assignment and frequency allotment plans for the digital broadcasting service (television and sound).

In particular, certain clients of the Issuer could be required to amend their broadcasting frequency or to implement specific systems (such as a modified antenna) in order to limit their interferences in areas near the Italian border near other European operators. Compliance with such requirements in any case would not have a material impact on the Issuer's business, as it would result in the positioning of additional antennas in existing facilities or in a mere adjustment of the broadcasting systems of the clients to the new frequencies in the aforementioned border areas.

Finally, at the recent World Radiocommunication Conference 2012 (WRC-12) held in Geneva concerning the allocation of mobile broadband frequencies, a further conference was convened for 2015 (i.e., *World Radiocommunication Conference 2015*, WRC-15) in order to approve a plan concerning the allocation of frequencies in the 694-790 MHz range (currently used by TV operators), setting the principle of "Co-primary status" of use between TV and TLC operators. In light of the long-term outlook of such measures (it is extremely unlikely that whatever agreed measures could have any effect before 2018), and the necessity to make a preliminary assessment of the evolution of the TLC sector and the actual need at such time for an additional spectrum by Mobile TLC operators, the Issuer believes that such prospective frequency reallocation will not have a material impact on the Issuer's business. This belief is further supported by the practical implementation of the stated principle of "Co-primary status" and the reasonable belief that the scenario in which there is a partial or total re-allocation of frequencies currently used by TV broadcasters to Mobile TLC Operators, so that TV broadcasters are granted the use of other frequencies, is remote.

Measures imposed by the Italian Competition Authority in authorising the Merger

On 14 December 2011, the Italian relevant competition authority (*Autorità Garante della Concorrenza e del Mercato*, the "**Italian Competition Authority**") with Order No. 23117 (the "**Competition Authority Order**") approved the Merger subject to a number of measures and undertakings imposed on the Issuer. Such measures include: (i) undertakings concerning access and use of its broadcasting infrastructures, aimed at not limiting third party national broadcasters access and ensuring fair and just economic terms; (ii) transparency undertakings relating to the services provided by the Issuer; (iii) undertakings concerning the equal treatment of third party national broadcasters, in respect of the Issuer's subsidiaries and affiliates; (iv) undertakings concerning record keeping and account keeping in order to demonstrate

the compliance with the measures imposed by the Italian Competition Authority; and (v) governance undertakings.

In particular, in relation to governance undertakings:

- (i) People associated with entities that control, or are controlled by the same entities of, the Issuer or otherwise have a link to the directors of such entities as employees or independent contractors or due to other economic or professional relationships, such as to adversely affect their independence, cannot be appointed as directors of the Issuer.
- (ii) Elettronica Industriale and/or the Issuer must also notify to the Italian Competition Authority any information published pursuant to CONSOB Regulation on Related Party Transactions, at the same time of its publication.
- (iii) The Issuer is also required to remain listed on a regulated market.

The Issuer is required to provide the Italian Competition Authority with a detailed report on the implementing measures of the aforementioned undertakings (or any amendment thereof) within six months of the authorisation and every six months thereafter.

Any disputes or controversy potentially arising out of or otherwise in connection with the economic conditions of any Issuer's commercial offer to national broadcasters must be submitted to the Arbitration Chamber of Milan.

The aforementioned measures entered into force 90 days after the notification of the authorisation to the Merger. In case of any breach of such undertakings, the Issuer will be subject to a sanction procedure under Law No. 287/1990, with penalties comprised between 1 per cent. and 10 per cent. of the total revenues.

In compliance with the aforementioned undertakings, which entered into force on 14 March 2012, the Issuer promptly published on its website the relevant lists and the standard contractual forms in line with such undertakings and filed with the Italian Competition Authority the relevant first two half-year reports respectively on 22 May 2012 and 11 December 2012, where the Issuer described the criteria adopted for the preparation of the published lists and standard contractual forms.

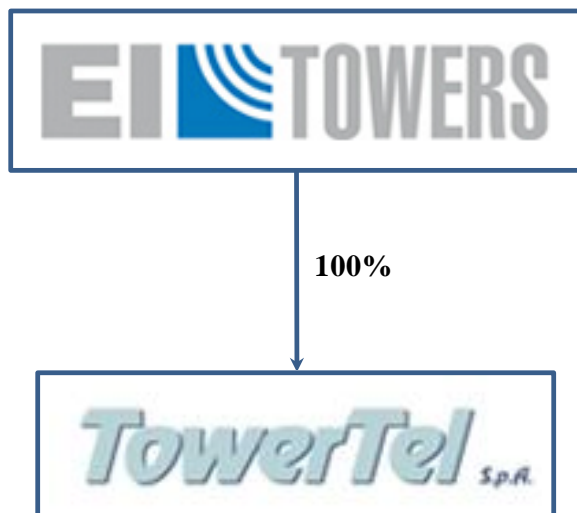
For further details on the current composition of the Board of Directors of the Issuer in compliance with the instructions received from the Antitrust Authority, please see paragraph "*Corporate Governance of the Issuer – Board of Directors*" below.

After 12 months since the enactment of the measures imposed by the Italian Competition Authority, in light of the actual implementation thereof, no material facts have occurred or any specific risks are foreseen or expected in connection with the compliance by the Issuer with the limits and the conditions set forth by the Competition Authority Order.

CORPORATE STRUCTURE

The Issuer is the parent company of the Group, which, as of 31 December 2012 was made up of 1 company directly controlled by the Issuer and therefore consolidated on a line-by-line basis.

The chart below shows the current structure of the Group.



Although the two legal entities are separate, the Issuer's total control over TowerTel (and the presence of core managers of the Issuer in both companies) guarantees a fully integrated strategic direction and a coordinated business management.

CORPORATE GOVERNANCE OF THE ISSUER

Corporate governance rules for Italian companies whose shares are listed on the Italian Stock Exchange are set forth in the Italian Civil Code, in Legislative Decree No. 58 of 24 February 1998, as subsequently amended and supplemented (*Testo Unico della Finanza*) (the "**Consolidated Financial Act**"), and in the relevant implementing CONSOB Regulations.

The Issuer has adopted as its model for corporate governance the provisions of the Corporate Governance Code (*Codice di Autodisciplina*) originally approved in March 2006 by the Corporate Governance Committee of the Italian Stock Exchange and subsequently amended in December 2011.

The Issuer adopts a traditional governance system, consisting of the shareholders' meeting, the board of directors and the board of statutory auditors.

The auditing of the Issuer's financial statements is undertaken by an independent auditing firm enrolled with the specific register provided by the law (see "*General Information – Auditors*").

Board of Directors

Pursuant to Article 13 of the Issuer's by-laws, the Issuer's board of directors (the "**Board of Directors**") shall consist of a minimum of five and a maximum of 21 members, who shall remain in office for a period, as determined by the shareholders' meeting, of no longer than three years after which they may be re-elected.

The current members of the Board of Directors have been appointed by the ordinary shareholders' meeting held on 29 February 2012 and will remain in office until the ordinary shareholders' meeting to be called to approve the financial statements of the Issuer as of and by the year ending 31 December 2014.

The Board of Directors is currently composed of seven members, the majority of whom are independent in accordance with the applicable law, the Issuer's by-laws and the Issuer's Corporate Governance Code. The current composition of the Board of Directors also complies with the measures on independence imposed by the Competition Authority Order.

The Board of Directors has a key role in the organisational structure of the Issuer and the Group as it is the body which defines the strategic objectives and monitors their implementation and progress. It is vested with all the powers provided by law and the Issuer's by-laws, including powers of ordinary and extraordinary administration.

In accordance with the Corporate Governance Code, the Board of Directors has established two internal committees: the Control and Risks Committee and the Compensation Committee.

The current members of the Board of Directors are set below, together with an indication of their principal activities outside the Issuer as of 31 December 2012.

Name	Position	Principal activities outside the Issuer
Alberto Giussani	Chairman	Board member of Fastweb S.p.A. Statutory Auditor of Carlo Tassara S.p.A. Statutory Auditor of Falck Renewables S.p.A. Statutory Auditor of Luxottica Group S.p.A. Chairman of the Board of Statutory Auditors of Vittoria Assicurazioni S.p.A.
Guido Barbieri	CEO	_____
Valter Gottardi	CEO	_____
Manlio Cruciatti	Director	_____
Richard Hurowitz	Director	Chairman and CEO of Octavian Advisors, LP
Piercarlo Invernizzi	Director	_____
Michele Pirota	Director	Board member of SLM S.p.A. Chairman of the Board of Statutory Auditors of FACI Europe S.p.A. Chairman of the Board of Statutory Auditors of NOFDAM S.p.A. Statutory Auditor of E ON ITALIA PROD.CENTRALE LIVORNO FERRARIS S.p.A. Statutory Auditor of E.ON CLIMATE E RENEWABLES ITALIA S.p.A.

The business address of each of the members of the Board of Directors is the registered address of the Issuer.

Board of Statutory Auditors

Pursuant to Article 17 of the Issuer's by-laws, the Issuer's board of statutory auditors (the "**Board of Statutory Auditors**") is composed of three statutory auditors and two alternate auditors.

The Board of Statutory Auditors is vested with the supervision and control powers provided by applicable law, by the Issuer's by-laws and by the Corporate Governance Code.

The current members of the Board of Statutory Auditors have been appointed by the ordinary shareholders' meeting held on 6 May 2011 and will remain in office until the ordinary shareholders' meeting to be called to approve the financial statements of the Issuer as of and by the year ending 31 December 2013.

The current members of the Board of Statutory Auditors are set below, together with an indication of their principal activities outside the Issuer as at 31 December 2012.

Name	Position	Principal activities outside the Issuer
Francesco Vittadini	Chairman	Chairman of the Board of Statutory Auditors of A.C. Milan S.p.A. Chairman of the Board of Statutory Auditors of Finisvim S.p.A. Chairman of the Board of Statutory Auditors of Elettronica Industriale S.p.A.

Name	Position	Principal activities outside the Issuer
		<p>Chairman of the Board of Statutory Auditors of Giambelli S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of Mediolanum Vita S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of Milan Entertainment S.r.l.</p> <p>Chairman of the Board of Statutory Auditors of Reteitalia S.p.A. (in liquidation)</p> <p>Chairman of the Board of Statutory Auditors of R.T.I. S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of Videotime S.p.A.</p> <p>Statutory Auditor of Auditel S.r.l.</p> <p>Statutory Auditor of Digitalia 08 S.r.l.</p> <p>Statutory Auditor of Fininvest S.p.A.</p> <p>Statutory Auditor of Holding Italiana Prima S.p.A.</p> <p>Statutory Auditor of Il Teatro Manzoni S.p.A.</p> <p>Statutory Auditor of Isim S.p.A.</p> <p>Statutory Auditor of Mediaset S.p.A.</p> <p>Statutory Auditor of Mediolanum S.p.A.</p> <p>Statutory Auditor of Milan Real Estate S.p.A.</p> <p>Statutory Auditor of M-I stadio S.r.l.</p> <p>Statutory Auditor of Promoservice Italia S.r.l.</p> <p>Statutory Auditor of Titanus Elios S.p.A.</p> <p>Statutory Auditor of Videodue S.r.l.</p> <p>Sole member of the Board of Immobiliare Osio S.r.l.</p>
Marco Armarolli	Statutory Auditor	<p>Statutory Auditor of Montefibre S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of Sisley Italia S.p.A.</p> <p>Statutory Auditor of Poggio Mondello S.r.l.</p> <p>Statutory Auditor of Jesi Energia S.p.A.</p> <p>Statutory Auditor of Sistemi Di Energia S.p.A.</p> <p>Statutory Auditor of Man Credit Societa' Finanziaria S.r.l.</p> <p>Statutory Auditor of Cristallerie Livellara S.r.l.</p> <p>Statutory Auditor of Trasformazione Fibre S.r.l.</p> <p>Statutory Auditor of G.B.M. Compagnia Finanziaria Commerciale S.p.A.</p> <p>Statutory Auditor of Contel 21 S.p.A.</p> <p>Statutory Auditor of Geosteel S.p.A.</p> <p>Statutory Auditor of Rondine S.p.A.</p> <p>Statutory Auditor of Edison Energie Speciali S.p.A.</p> <p>Statutory Auditor of The First S.p.A.</p> <p>Auditor of Emaze Networks S.p.A.</p> <p>Sole Administrator of 3 Luglio Real Estate S.r.l.</p>
Anna Girello	Statutory Auditor	<p>Chairman of the Board of Screen Group S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of Ceretto Aziende Vitivinicole S.r.l.</p> <p>Chairman of the Board of Statutory Auditors of FinVeZZa S.r.l.</p> <p>Chairman of the Board of Statutory Auditors of Finceretto S.r.l.</p> <p>Statutory Auditor of Amf snaps S.p.A.</p> <p>Statutory Auditor of Sedamyl S.p.A.</p> <p>Statutory Auditor of Magazzini Montello S.p.A.</p> <p>Statutory Auditor of Oikos 2006 S.p.A.</p> <p>Statutory Auditor of H7 S.p.A.</p> <p>Board member of Caffè Sicilia Produzione S.r.l.</p> <p>Board member of Getto Design S.r.l.</p> <p>Board member and Partner of Studio Girello s.s.</p>
Marco Lovati	Alternate Auditor	

Name	Position	Principal activities outside the Issuer
Restori Giancarlo	Alternate Auditor	

Conflicts of interest

As of the date hereof, no member of the Board of Directors or the Board of Statutory Auditors has declared a private interest which constitutes an actual or a potential conflict of interest of such member with respect to his duties to the Issuer or which could be material in the context of the issue of the Notes.

SHARE CAPITAL

As of the date hereof, the Issuer has an authorised, issued and fully paid-in share capital of Euro 2,826,237.70, consisting of 28,262,377 ordinary shares with a nominal value of Euro 0.10 each. Each ordinary share grants one voting right in the shareholders' meeting, save for 62,526 treasury shares, equal to 0.22 per cent. of the Issuer's share capital, in respect of which the relevant voting rights have been suspended.

Structure of the share capital of the Issuer				
Type of shares	No. of shares	% of share capital	Listing	Rights and obligations
Ordinary shares	28,262,377(par value of Euro 0.10 per share)	100%	Italian Stock Exchange (MTA) – Star Segment	In accordance with current applicable law and the Issuer's by-laws

The Issuer has not issued any other categories of shares or other financial instruments convertible into or exchangeable into ordinary shares.

There are no outstanding stock option or stock grant plans which could require share capital increases.

MATERIAL SHAREHOLDINGS

The table below shows the persons and entities who, as of the date hereof, on the basis of notifications received pursuant to Article 120 of the Consolidated Financial Act and the relevant notices sent to CONSOB, hold more than 2 per cent of the Issuer's share capital.

The Issuer is controlled pursuant to Article 2359, paragraph 1 of the Italian Civil Code by Elettronica Industriale S.p.A., controlled by Mediaset S.p.A. All other shareholders of the Issuer do not exercise any form of control over it. The paragraph "*Direction and coordination activities*" below describes the measures applicable to Mediaset S.p.A. (and Elettronica Industriale S.p.A.) in relation to its control and coordination over the Issuer.

Applicant	Direct shareholder	% of the ordinary share capital	% of the voting share capital
Silvio Berlusconi	Elettronica Industriale S.p.A.	65.001%	65.001%
Falciai Alessandro		9.328%	9.328%
	Falciai Alessandro	1.613%	1.613%
	Millenium Partecipazioni S.r.l.	7.715%	7.715%
Octavian Advisors LP	Octavian Advisors LP	4.136%	4.136%
Beneficial owners:			

Applicant	Direct shareholder	% of the ordinary share capital	% of the voting share capital
Octavian Special Master Fund LP, for a percentage of 3.543%			
Permian Investment Partners LP Beneficial owner: Permian Master Fund LP	Permian Investment Partners LP	3.266%	3.266%

Direction and coordination activities

Effective from 2 January 2012, the Issuer is subject to the direction and coordination activities of Mediaset S.p.A.

The Issuer is fully compliant with the provisions of Article 37 of CONSOB Regulation No. 16191 of 29 October 2007, as subsequently amended (the "**Markets' Regulation**"), which imposes, among other things, that listed companies establish internal corporate governance committees and appoint a board of directors the majority of which is composed of independent directors.

The composition of the Board of Directors, compliance with the relevant applicable legislation in relation to management and coordination and the relevant contractual and procedural safeguards put in place by the Issuer in order to regulate its relations with Mediaset S.p.A., as well as implementation of the Competition Authority Order (see "*Measures imposed by the Italian Competition Authority in authorising the Merger*" above) are aimed at ensuring that no abuses take place by, or conflicts of interest arise in relation to, the parent company and at avoiding any undue influence on the decision making process.

LEGAL PROCEEDINGS

As part of the ordinary course of business, the Issuer is subject to a number of administrative and civil proceedings as both claimant and defendant. Specifically, there are cases before administrative courts regarding certain transmission sites used by the Group in the tower sector. On the basis of the information currently available to it, the Issuer does not expect an unfavourable outcome of such proceedings and therefore it has not set aside material funds for the specific purpose of covering potential liabilities arising from such proceedings (also in light of the non-measurable nature of the relevant risks).

EMPLOYEES

As of 31 December 2012, the Group has 591 employees (590 of them in permanent positions): 513 employees, 54 middle managers and 24 managers.

Number of employees (permanent staff)	2012	Average 2012	2011
Managers	24	20.7	6
Middle managers	54	54.7	35
Office workers	509	509.2	453
Apprentices	-	2.4	-
Industry workers	4	4.0	-
Total	591	591,0	494

Geographical distribution of permanent employees

The staff in Italy is spread throughout the country; 36 per cent. of all employees work in the Lissone offices and the remaining 64 per cent. in different local offices.

Offices	31/12/2012		31/12/2011	
	staff	%	staff	%
Lissone	210	36%	188	38%
Other offices	380	64%	306	62%
Total	590	100	494	100

MATERIAL CONTRACTS

The majority of the Group's revenues are generated by its contracts with Elettronica Industriale and Telecom Italia Media Broadcasting S.r.l. ("**TIMB**"). The agreements, together, accounted for the year ending and as at 31 December 2012 for 72 per cent. and 2 per cent. of the Group's total revenues.

For a more detailed description of the agreements with Elettronica Industriale please refer to "*Related Parties Transactions*" below.

Towertel entered into the agreement with TIMB with effect from January 2012 whereby the Issuer agrees to provide TIMB hosting and maintenance services in relation to three multiplexer (*i.e.*, a digital television broadcast network that allows transmission of multiple content (television programs) over the same channel/frequency (extendable, at the option of TIMB, by the end of 2013 to a fourth multiplexer currently in test phase). This agreement has been entered for an initial term of 12 years (*i.e.* until December 2023) and it includes the option for both parties to enter into negotiations in good faith six months before the expiry of such term for a renewal of the agreement on the same terms and conditions for further six years. The initial 12-year term of agreement with TIMB is fixed (only being indexed to 100 per cent. of the Consumer Price Index or CPI) and is not in any way linked to TIMB's performance. Any right of termination relates to the use of individual infrastructures, these rights are used in extremely rare circumstances to the extent that the rate of clients' leaving has historically been approximately zero.

RELATED PARTY TRANSACTIONS

Elettronica Industriale

For the period ending and as at 31 December 2012, revenues generated from the agreement with Elettronica Industriale S.p.A. amounted approximately to 76 per cent. of the total revenues. In July 2011 the Issuer entered an agreement with Elettronica Industriale for the complete management of Elettronica Industriale's and its clients' multiplexes on a so called "full service" basis (*i.e.*, hosting, assistance and maintenance services, use of the transmitting infrastructure, head-end and planning services). The agreement is for an initial term of seven years (*i.e.* until July 2018) and includes the option for both parties to enter into negotiations in good faith six months before the expiry of such term for a renewal of the agreement on the same terms and conditions for further seven years.

Such agreement provides for a fixed consideration for each year of the term (with two step-ups respectively in 2012 and 2013), is indexed to 100 per cent. of CPI and is not related in any way to the performance of either Elettronica Industriale or Mediaset.

Furthermore, the Issuer has an agreement in place with Mediaset S.p.A. whereby the latter manages the Issuer's non-banking current account. The agreement regulates Mediaset S.p.A.'s reporting requirements and the duties in relation to the non-banking current account services.

Mediaset S.p.A.

Furthermore, the Issuer has an agreement in place with Mediaset S.p.A. whereby the latter manages the Issuer's non-banking current account (the "**Intragroup Current Account**"). Such agreement has a yearly duration and is renewed automatically each year unless terminated by either party. The agreement regulates Mediaset S.p.A.'s reporting requirements and its management duties in relation to the non-banking current account services. The Issuer's management believes that the terms and conditions of the Intragroup Current Account agreement are market standard. The fee payable in relation to the Intragroup Current Account shall never amount to more than €140 million. In relation to the financial year ending and as at 31 December 2013, the above economic conditions apply: (i) lending rate equal to 150 basis points *plus* one month Euribor on a 365/365 basis as determined each month by the Italian financial newspaper *Il Sole 24 Ore* the second business day prior to the end of each month; and (ii) borrowing rate

equal to 300 basis points *plus* one month Euribor on a 365/365 basis as determined each month by the Italian financial newspaper *Il Sole 24 Ore* the second business day prior to the end of each month.

OVERVIEW OF FINANCIAL INFORMATION

Set out below is an overview of certain financial information of the EI Towers Group derived from the Issuer's consolidated financial statements, prepared in accordance with IFRS, as at, and for the year ending on, 31 December 2012, that report, with respect to the 2011 financial data, the Actual 2011 Comparison which consists of:

- in relation to the statement of financial position: data of the Pre-Merger EI Towers as of 31 December 2011; and
- in relation to the income statement and cash flow statement: data of the Pre-Merger EI Towers since inception (i.e., six months from 30 June to 31 December 2011 and therefore not for the first six months of 2011);

As described in "*Presentation of Financial and Certain Other Information*" and "*Information Incorporated by Reference*" above.

EI TOWERS GROUP – CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>(in thousand of euro)</i>	31/12/2012	31/12/2011
ASSETS		
Non current assets		
Property, plant and equipment	243,217	180,503
Goodwill	454,130	255,671
Other intangible assets	111,784	10,384
Investments in associates/joint control companies	28	28
Other financial assets	1,092	235
Deferred tax assets	5,819	1,931
TOTAL NON CURRENT ASSETS	816,070	448,752
Current assets		
Inventories	3,227	4,183
Trade receivables	23,629	16,197
Tax receivables	0	15
Current financial assets	6,014	2,232
Cash and cash equivalents	21,687	9
TOTAL CURRENT ASSETS	54,557	22,636
TOTAL ASSETS	870,627	471,388

<i>(in thousand of euro)</i>	31/12/2012	31/12/2011
SHAREHOLDERS' EQUITY AND LIABILITIES		
Share capital and reserves		
Share capital	2,826	1,130
Share premium reserve	206,533	89,278
Treasury shares	(1,845)	0
Other reserves	320,833	209,070
Valuation reserve	(883)	17
Retained earnings	(15,444)	0
Net profit for the period	23,644	5,185
TOTAL SHAREHOLDERS' EQUITY	535,664	304,680
Non current liabilities		
Post-employment benefit plans	11,315	8,863
Deferred tax liabilities	45,481	1,337
Financial liabilities and payables	66,119	0
Provisions for non current risks and charges	2,618	156
TOTAL NON CURRENT LIABILITIES	125,533	10,356
Current liabilities		
Financial payables	82,987	0
Trade payables	37,081	34,607
Provisions for risks and charges	75	0
Current tax liabilities	10,112	1,997
Other financial liabilities	61,828	113,882
Other current liabilities	17,347	5,866
TOTAL CURRENT LIABILITIES	209,430	156,352
TOTAL LIABILITIES	334,963	166,707
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	870,627	471,388

EI TOWERS GROUP – CONSOLIDATED STATEMENT OF INCOME

<i>(in thousand of euro)</i>	2012	2011
Sales of goods and services	232,600	84,423
Other revenues and income	1,219	234
TOTAL REVENUES	233,819	84,658
Personnel expenses	45,038	17,523
Purchases, services, other costs	94,214	38,751
Amortisation, depreciation and write-downs	50,035	18,295
TOTAL COSTS	189,287	74,568
EBIT	44,532	10,090
Financial expenses	(6,539)	(1,301)
Financial income	445	201
EBT	38,438	8,989
Income taxes	14,794	3,804
NET PROFIT FROM CONTINUING OPERATIONS	23,644	5,185
Net Gains/(Losses) from discontinued operations	0	0
NET PROFIT FOR THE PERIOD	23,644	5,185
<u>Earnings per share (Euro):</u>		
- Basic	0.84	
- Diluted	0.84	

EI TOWERS GROUP – CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2012	2011
CONSOLIDATED NET PROFIT/(LOSS)(A):	23,644	5,185
Statement of comprehensive gains/(losses):		
Effective portion of gains/(losses) on hedging instruments (cash flow hedge)	52	
Actuarial gains/(losses) on defined benefit plans	(1,471)	(153)
Other comprehensive gains/(loss)	-	
Tax effect related to other gains/(losses)	401	43
TOTAL OTHER COMPREHENSIVE INCOME /(LOSS) NET OF TAX EFFECTS (B)	(1,018)	(110)
TOTAL COMPREHENSIVE INCOME (A+B)	22,626	5,075

EI TOWERS GROUP – CONSOLIDATED CASH FLOW STATEMENT

<i>(in thousand of euro)</i>	2012	2011
CASH FLOW FROM OPERATING ACTIVITIES:		
Operating profit	44,532	10,089
+ Depreciation and amortisation	50,035	17,411
+ Change in trade receivables	4,950	3,361
+ Change in trade payables	(15,021)	(2,475)
+ Change in other assets and liabilities	(2,583)	(531)
- Income tax paid	(9,079)	-
Net cash flow from operating activities [A]	72,834	27,855
CASH FLOW FROM FINANCING ACTIVITIES:		
Investments in tangible assets	(28,047)	(18,265)
Investments in intangible assets	(8,481)	(68)
Changes in payables for investing activities	8,709	(7,615)
(Increases)/decreases in other financing activities	182	-
Business combinations net of cash acquired	2,246	-
Net cash flow from investing activities [B]	(25,391)	(25,948)
CASH FLOW FROM FINANCING ACTIVITIES:		
Changes in financial liabilities	(20,418)	(11,118)
Interests (paid)/received	(5,347)	(1,100)
Net cash from financing activities [C]	(25,765)	(2,018)
CHANGE IN CASH AND CASH EQUIVALENTS [D=A+B+C]	21,678	(111)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD [E]	9	120
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD [F=D+E]	21,687	9

EI TOWERS GROUP – CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Share premium reserve	Legal reserve and other reserves	Treasury shares	Valuation reserve	Retained earnings (accumulate losses)	Profit/(loss) for the period	TOTAL SHAREHOLDERS' EQUITY
Company establishment	1,130	-	(1,010)					120
Business unit contribution		89,648	199,880					289,528
Contribution of capital account	-	-	10,200					10,200
Changes in share-premium reserve	-	(370)						(370)
(Purchase)/sale of treasury shares	-	-						-
Profit/(loss) from negotiation of treasury shares	-	-						-
Stock option	-	-			127			127
Changes in actuarial reserve					(110)			(110)
Comprehensive income/(loss)	-	-					5,185	5,185
(A) Balance at Dec.31, 2011	1,130	89,278	209,070	-	17	-	5,185	304,680
(B) Change in consolidation area		62,281	25,478	(5,091)	-	(15,444)		67,224
(C) Business combinations	1,696	54,974	84,346					141,016
Balance (A) + (B) + (C)	2,826	206,533	318,894	(5,091)	17	(15,444)	5,185	512,920
Allocation of 2011 net profit	-	-	5,185	-	-	-	(5,185)	-
Dividends paid	-	-	-	-	-	-	-	-
Stock option plan valuation	-	-	-	-	-	-	-	-
(Purchase)/sale of treasury shares	-	-	(3,246)	3,246	-	-	-	-
Profit/(loss) from negotiation of treasury shares	-	-	-	-	-	-	-	-
Stock option	-	-	-	-	118	-	-	118
Comprehensive income/(loss)	-	-	-	-	(1,018)	-	23,644	22,626
Balance at Dec.31, 2012	2,826	206,533	320,833	(1,845)	(883)	(15,444)	23,644	535,664

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.

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.

Republic of Italy

Tax treatment of Notes

Legislative Decree no. 239 of 1 April 1996, as subsequently amended, ("**Decree 239**") provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from Notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*), pursuant to Article 44 of Presidential Decree no. 917 of 22 December 1986 ("**Decree no. 917**") and issued, *inter alia*, by Italian listed companies.

Italian resident Noteholders

Where an Italian resident Noteholder is (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the *risparmio gestito* regime); (b) a non-commercial partnership; (c) a non-commercial private or public institution; or (d) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Notes, are subject to a withholding tax, referred to as *imposta sostitutiva*, levied at the rate of 20 per cent. In the event that the Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

An Italian resident individual Noteholder not engaged in an entrepreneurial activity who has opted for the so-called *risparmio gestito* is subject to a 20 per cent. annual substitute tax on the increase in value of the managed assets accrued at the end of each tax year (which increase would include interest, premium and other income accrued on the Notes). The substitute tax is applied on behalf of the taxpayer by the managing authorised intermediary. For more information, see also "*Tax treatment of the Notes—Capital Gains*".

Where an Italian resident Noteholder is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorised intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's income tax return

and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Noteholder, also to the regional tax on productive activities ("**IRAP**")).

Under the current regime provided by Law Decree no. 351 of 25 September 2001 converted into law with amendments by Law no. 410 of 23 November 2001 ("**Decree 351**"), as clarified by the Italian Revenues Agency (*Agenzia delle Entrate*) through Circular no. 47/E of 8 August 2003, payments of interest, premiums or other proceeds in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree no. 58 of 24 February 1998 or pursuant to Article 14-bis of Law no. 86 of 25 January 1994, are neither subject to *imposta sostitutiva* nor to any other income tax in the hands of a real estate investment fund.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund or a SICAV (an investment company with variable capital) established in Italy and either (i) the fund or SICAV or (ii) their manager is subject to the supervision of a regulatory authority ("**Fund**"), and the relevant Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on such Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such results but a substitute tax of 20 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders ("**Collective Investment Fund Substitute Tax**").

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree no. 252 of 5 December 2005 – "**Decree 252**") and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. substitute tax.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Finance (each an "**Intermediary**").

An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary and (b) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Noteholder.

Non-Italian resident Noteholders

Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are connected, an exemption from the *imposta sostitutiva* applies **provided that** the non-Italian resident beneficial owner is either (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy; or (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of taxpayer in its own country of residence.

The *imposta sostitutiva* will be applicable at the rate of 20 per cent. (or at the reduced rate provided for by the applicable double tax treaty, if any) to interest, premium and other income paid to Noteholders who are resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy.

Please note that according to the Law no. 244 of 24 December 2007 ("**Budget Law 2008**") a Decree still to be issued will introduce a new "white list" replacing the current "black list" system, so as to identify those countries which allow for a satisfactory exchange of information.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of interest, premium or other income and (a) promptly deposit, directly or indirectly, the Notes with a resident bank or SIM, or a permanent establishment in Italy of a non-Italian resident bank or SIM

or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance and (b) promptly file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001, as subsequently amended. Failure of a non-Italian resident Noteholder to comply promptly with the mentioned procedures set forth in Decree no. 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on interest, premium and other income payments to a non-resident Noteholder.

Capital gains

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is (i) an individual holding the Notes not in connection with an entrepreneurial activity, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 20 per cent. Noteholders may set off losses with gains.

In respect of the application of *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident individual Noteholder holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (*risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to (a) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries (including permanent establishments in Italy of foreign intermediaries) and (b) an express election for the *risparmio amministrato* regime being promptly made in writing by the relevant Noteholder.

The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

Any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes,

to an authorised intermediary and have opted for the so-called *risparmio gestito* regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 20 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Any capital gains realised by a Noteholder who is an Italian real estate fund to which the provisions of Decree 351 as subsequently amended apply will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund.

Any capital gains realised by a Noteholder which is a Fund will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio. Such result will not be taxed with the Fund, but subsequent distributions in favour of unitholders of shareholders may be subject to the Collective Investment Fund Substitute Tax.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by article 17 of Decree 252) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. substitute tax.

Capital gains realised by non-Italian resident Noteholders, not having a permanent establishment in Italy to which the Notes are connected, from the sale or redemption of Notes traded on regulated markets are neither subject to the *imposta sostitutiva* nor to any other Italian income tax.

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes not traded on regulated markets are not subject to the *imposta sostitutiva*, **provided that** the effective beneficiary: (a) is resident in a country which allows for a satisfactory exchange of information with Italy; or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of taxpayer in its own country of residence.

Please note that, according to the Budget Law 2008, a Decree, still to be issued, should introduce a new "white list" replacing the current "black list" system, so as to identify those countries which (i) allow for a satisfactory exchange of information; and (ii) do not have a more favourable tax regime.

If none of the conditions above are met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 20 per cent.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale or redemption of Notes.

Inheritance and gift taxes

Pursuant to Law Decree no. 262 of 3 October 2006, converted into Law no. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, notes or other securities) as a result of death or donation are taxed as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding, for each beneficiary, €1,000,000;
- (ii) transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; transfers in favour of relatives (*parenti*) to the fourth degree or direct relatives-in-law (*affini in linea retta*), indirect

relatives-in-law (*affini in linea collaterale*) within the third degree other than the relatives indicated above are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift; and

- (iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied to the rate mentioned above on the value exceeding €1,500,000.

Transfer tax

Following the repeal of the Italian transfer tax, as from 31 December 2007, contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of €168.00; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

Stamp duty

Pursuant to Article 19(1) of Decree no. 201 of 6 December 2011 ("**Decree 201**"), converted by Law no. 214 of 22 December 2011, 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 0.15 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 can be no lower than € 34.20 and it cannot exceed € 4,500.00 if the Noteholder is not an individual.

Under certain interpretations of the law, it may be understood that the stamp duty applies both to Italian resident and non-Italian resident Noteholders, to the extent that Notes are held with an Italian-based financial intermediary. Although the stamp duty is already applicable, certain aspects of the relevant discipline are expected to be clarified by future guidelines.

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 an additional tax at a rate of 0.15 per cent.

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).

EU Savings Directive

Under the EU Savings Directive, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate 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 full tax year following agreement by certain non-EU countries to the exchange of information relating to such payments. A number of non-EU countries and territories have adopted similar measures (either provision of information or transitional withholding).

The European Commission has proposed certain amendments to the EU Savings Directive which, if implemented, may amend or broaden the scope of the requirements described above.

If a payment 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 were 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. 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.

Implementation in Italy of EU Savings Directive

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 30th June of the fiscal year following the fiscal year in which said interest payment is made.

With reference to the definition of interest subject to the above described regime, Article 2, paragraph 1, lett. a, of mentioned Decree No. 84 of 18 April 2005, provides that it includes, *inter alia*: "interest paid or credited, on accounts arisen from receivables of whatever nature, secured or not by mortgage (...), in particular interest and any other proceed, arising from public bonds and other bonds".

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.

SUBSCRIPTION AND SALE

The Managers have, in a subscription agreement dated 24 April 2013 (the "**Subscription Agreement**") and made between the Issuer and the Managers upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe for the Notes. The Issuer has also agreed to pay certain combined commissions to the Managers as set out therein and reimburse the Managers for certain of their expenses incurred in connection with the management of the issue of the Notes. The Subscription Agreement provides that the obligations of the Managers are subject to certain conditions precedent, and the Subscription Agreement may be terminated in certain circumstance prior to payment for sale of the Notes being made to the Issuer.

United Kingdom

Each Manager 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 may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a 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 pursuant to Italian securities legislation and, accordingly, each Manager 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 *Commissione Nazionale per le Società e la Borsa* ("**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 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.

General

Each Manager 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 Managers 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 March 2013, registered with the Companies' Register of Monza and Brianza on 26 March 2013.

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 its regulated 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 €12,940.

Legal and Arbitration Proceedings

3. 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 EI Towers Group.

Significant/Material Change

4. Since 31 December 2012 there has been no material adverse change in the prospects of the Issuer or the EI Towers Group nor any significant change in the financial or trading position of the Issuer or the EI Towers Group.

Auditors

5. Each of: (i) the audited consolidated annual financial statements of the EI Towers Group as at and for the year ended 31 December 2012; (ii) the audited financial statements of the Pre-Merger EI Towers as at and for the six months ended 31 December 2011; and (iii) the audited financial statements of Digital Multimedia Technologies S.p.A. as at and for the year ended 31 December 2011 have been audited by Reconta Ernst & Young S.p.A., independent accountants, as included in their report therein. The auditors of the Issuer have no material interest in the Issuer. Reconta Ernst & Young S.p.A. is registered under No. 2 in the special register (*albo speciale*) maintained by CONSOB and set out under Article 161 of Legislative Decree No.58 of 24 February 1998 (as amended) and under No. 70945 in The Register of Accountancy Auditors (*Registro dei Revisori Contabili*) in compliance with the provisions of Legislative Decree No. 88 of 27 January 1992. Its registered office is at Via Po, 32, 00198 Rome, Italy.

Documents on Display

6. Physical or electronic copies of the following documents (together, where appropriate, with English translations thereof) may be inspected during normal business hours at the offices of the Principal Paying Agent at 33 Rue de Gasperich, Howald – Hesperange, L-2085, Luxembourg, Grand Duchy of Luxembourg for 12 months from the date of this Prospectus:
 - (a) the By-laws (*statuto*) of the Issuer;
 - (b) this Prospectus;
 - (c) the Subscription Agreement;
 - (d) the Paying Agency Agreement and the Trust Deed; and
 - (e) the EI Towers Group Financial Statements.

Clearing Systems

7. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN is XS0922370951 and the common code is 092237095. 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.

Material Contracts

8. Save as disclosed in the section of this Prospectus headed "*Description of the Issuer - Material Contracts*", the Issuer and the companies forming part of the Group have not entered into any contracts in the last two years outside the ordinary course of their business which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to holders of the Notes.

Potential Conflicts of Interest

9. Certain of the Managers and their 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 to the Issuer and its affiliates in the ordinary course of business.
10. In addition, in the ordinary course of their business activities, the Managers and their 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. Certain of the Managers and their 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, such Managers and their 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. In particular Intesa Sanpaolo S.p.A., the parent company of Banca IMI S.p.A., one of the Managers under the Notes, has made significant financing to the Issuer and its parent and subsidiary companies, is one of its main financial lenders and has a conflict of interest inasmuch as part of the profits from the mentioned operation will be used to repay previous loans granted to the Issuer. The Managers 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" includes also parent companies.

Yield

11. On the basis of the issue price of the Notes of 99.444 per cent. of their principal amount, the gross real yield of the Notes is 4.00 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

EI Towers S.p.A.
Via Zanella, 21
20851 Lissone (MB)
Italy

TRUSTEE

BNP Paribas Trust Corporation UK Limited
55 Moorgate
London
EC2R 6PA
United Kingdom

PRINCIPAL PAYING AGENT

BNP Paribas Securities Services, Luxembourg Branch

33 Rue de Gasperich
Howald - Hesperange
L-2085
Luxembourg
Grand Duchy of Luxembourg

LISTING AGENT

BNP Paribas Securities Services, Luxembourg Branch

33 Rue de Gasperich
Howald - Hesperange
L-2085
Luxembourg
Grand Duchy of Luxembourg

LEGAL ADVISERS

To the Issuer as to English law:

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United Kingdom

To the Issuer as to Italian law:

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20121 Milano
Italy

To the Managers as to English and Italian law:

Clifford Chance Studio Legale Associato
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20121 Milan
Italy

To the Trustee as to English law:

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10 Upper Bank Street
London E14 5JJ
United Kingdom

AUDITORS TO THE ISSUER

Reconta Ernst & Young S.p.A.

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20123 Milan

Italy