

MEDIOBANCA - Banca di Credito Finanziario S.p.A.

(incorporated with limited liability in the Republic of Italy)

MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.

(incorporated with limited liability in Luxembourg)

Euro 40,000,000,000

Euro Medium Term Note Programme

guaranteed in the case of Notes issued by Mediobanca International (Luxembourg) S.A.

by

MEDIOBANCA - Banca di Credito Finanziario S.p.A.



Under the Euro 40,000,000,000 Euro Medium Term Note Programme (the "**Programme**") described in this Base Prospectus (as defined below), each of Mediobanca - Banca di Credito Finanziario S.p.A. ("**Mediobanca**") and Mediobanca International (Luxembourg) S.A. ("**Mediobanca International**") (each an "**Issuer**" and together the "**Issuers**") may from time to time issue notes ("**Notes**") subject in each case to compliance with all relevant laws, regulations and directives. The payment of all amounts due in respect of any Notes issued by Mediobanca International will be unconditionally and irrevocably guaranteed by Mediobanca (in such capacity, the "**Guarantor**") under a deed of guarantee and subject to the limitations thereof executed by the Guarantor and dated 12 December 2008 (the "**Deed of Guarantee**"). Notes issued under the Programme will have denominations of not less than Euro 1,000.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks, see "Risk Factors" beginning on page 15.

Application has been made to the Commission de Surveillance du Secteur Financier (the "**CSSF**") in its capacity as competent authority under the Luxembourg Act dated 10 July 2005 on prospectuses for securities to approve this document as a base prospectus for each Issuer. Application has also been made for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be listed on the official list of the Luxembourg Stock Exchange (the "**Official List**") and admitted to trading on the regulated market of the Luxembourg Stock Exchange. References in this Base Prospectus to a "regulated market" shall have the meaning given to them in the Markets in Financial Instruments Directive 2004/39/EC.

The Programme provides that Notes may be listed or admitted to trading (as the case may be) on such other or further stock exchange(s) or market(s) as may be agreed between the relevant Issuer, the Guarantor (where applicable) and the relevant Dealer (as defined in "Plan of Distribution"). Unlisted Notes or Notes not admitted to trading on any market may also be issued. This Base Prospectus comprises two base prospectuses (one for each Issuer, each of which referred to herein as the "Base Prospectus") for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**").

The CSSF may, at the request of the relevant Issuer, send to the competent authority of another European Economic Area Member State (i) a copy of this Base Prospectus; (ii) a certificate of approval pursuant to Article 18 of the Prospectus Directive attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Directive (an "**Attestation Certificate**"); and (iii) if so required by such competent authority, a translation of the summary set out on pages from 6 to 14 of this Base Prospectus. Under the Luxembourg Law on Prospectuses for Securities which implements the Prospectus Directive, prospectuses relating to money market instruments having a maturity at issue of less than 12 months and complying also with the definition of securities are not subject to the approval provisions of Part II of such law.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined below) of Notes will be set out in the final terms (the "**Final Terms**") which, with respect to Notes to be listed on the Luxembourg Stock Exchange, will be delivered to the Luxembourg Stock Exchange.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws, and may not be offered or sold within the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes will be offered and sold in offshore transactions outside the United States in reliance on Regulation S under the Securities Act. The Notes will be in bearer form and as such are subject to certain U.S. tax law requirements.

Arranger of the Programme.

MEDIOBANCA - Banca di Credito Finanziario S.p.A.

Dealers

MEDIOBANCA - Banca di Credito Finanziario S.p.A.

BANCA ALETTI & C.

BANCA IMI

BARCLAYS CAPITAL

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

BNP PARIBAS

CALYON Crédit Agricole CIB

DEUTSCHE BANK

MEDIOBANCA - Banca di Credito Finanziario S.p.A.

MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.

SANTANDER GLOBAL BANKING & MARKETS

SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING

THE ROYAL BANK OF SCOTLAND

UBS INVESTMENT BANK

UNICREDIT (HVB)

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IMPORTANT NOTICES

This document constitutes a Base Prospectus for each Issuer for the purposes of Article 5.4 of the Prospectus Directive.

Each of the Issuers and the Guarantor, where indicated in the relevant Final Terms, accepts responsibility for the information contained in this document and, to the best of the knowledge of each of the Issuers and the Guarantor (which have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

*Each of the Issuers and the Guarantor, having made all reasonable enquiries confirms that (i) this Base Prospectus contains all information with respect to the Issuers, the Guarantor, the Guarantor and its subsidiaries taken as a whole (the “**Group**” or the “**Mediobanca Group**”), the Notes and the deed of guarantee executed by the Guarantor and dated 12 December 2008 (the “**Deed of Guarantee**”) which is material in the context of the issue and offering of Notes, (ii) the statements contained in this Base Prospectus relating to the Issuers, the Guarantor and the Group are in every material respect true and accurate and not misleading, the opinions and intentions expressed in this Base Prospectus with regard to the Issuers, the Guarantor and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (iii) there are no other facts in relation to the Issuers, the Guarantor, the Group, the Notes or the Deed of Guarantee the omission of which would, in the context of the issue and offering of Notes, make any statement in this Base Prospectus misleading in any material respect and (iv) all reasonable enquiries have been made by the Issuers and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements.*

This Base Prospectus should be read and construed with any supplement hereto and with any other documents incorporated by reference herein and, in relation to any Tranche of Notes, should be read and construed together with the relevant Final Terms.

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of Notes and, if given or made, such information or representation must not be relied upon as having been authorised by either of the Issuers, the Guarantor or any of the Dealers. Neither the delivery of this Base Prospectus or any Final Terms nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of either Issuer or the Guarantor since the date hereof or the date upon which this document has been most recently supplemented or that there has been no adverse change in the financial position of either Issuer or the Guarantor since the date hereof or the date upon which this document has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of either Issuer, the Guarantor or any of the Dealers to subscribe for, or purchase, any Notes.

The distribution of this Base Prospectus and the offering or sale of Notes in certain jurisdictions may be restricted by law. The Issuers and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuers or the Dealers which would permit a public offering of any Notes outside Luxembourg or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly including to the public, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, the Notes have not been and will not be registered under the Securities Act and are subject to U.S. tax law requirements.

This Base Prospectus has been prepared by the Issuer and the Guarantor for use in connection with the offer and sale of Notes in reliance upon Regulation S of the Securities Act outside the United States to non-U.S. persons or in transactions otherwise exempt from registration. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be

distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or the adequacy of this Base Prospectus. Any representation to the contrary is a criminal offence in the United States.

For a description of additional restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and Italy) and other jurisdictions, see “Plan of Distribution”.

The Dealers have not separately verified the information contained in this Base Prospectus. None of the Dealers makes any representation express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by either of the Issuers, the Guarantor or any of the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase any Notes.

Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers undertakes to review the financial condition or affairs of the Issuers or the Guarantor during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers.

STABILISATION

In connection with the issue of any Tranche of Notes under the Programme, the Dealer or Dealers (if any) named as the stabilising manager(s) (the “Stabilising Manager(s)”) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) in accordance with all applicable laws and rules.

* * * * *

Notes may be issued on a continuous basis in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “Tranche”) on different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and principal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set forth in the relevant Final Terms, the form of which is set out in “Form of Final Terms”, below.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed Euro 40,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into Euro at the date of the agreement to issue such Notes calculated in accordance with the provisions of the Dealer Agreement, as defined under “Plan of Distribution”). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement.

In this Base Prospectus, unless otherwise specified or the context otherwise requires: references to “U.S.\$” and “US Dollars” are to the lawful currency of the United States of America; references to “Euro” are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended; references to “£” are to the lawful currency of the United Kingdom; and references to “Yen” or “¥” are to the lawful currency of Japan.

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SUMMARY OF THE PROGRAMME

This section of the Base Prospectus constitutes a summary (the “Summary”) for the purposes of Article 5(2) of the Prospectus Directive.

This Summary must be read as an introduction to this Base Prospectus and any decision to invest in any Notes should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area, no civil liability in respect of this Summary, including any translation thereof, will attach to the person responsible for this Summary in any such Member State, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the claimant may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

Capitalised terms used elsewhere in this Base Prospectus shall have the same meanings in this Summary. Words and expressions defined in “Form of the Notes”, the “Terms and Conditions of the Notes” and “Terms and Conditions of the Credit Linked Notes” shall have the same meaning in this Summary.

Issuers: Mediobanca - Banca di Credito Finanziario S.p.A. and Mediobanca International (Luxembourg) S.A.

Mediobanca - Banca di Credito Finanziario S.p.A.: Mediobanca was established in 1946 as a medium-term credit granting institution in Italy. In 1956 Mediobanca’s shares were admitted to the Italian Stock Exchange and since then its business has expanded both nationally and internationally.

Mediobanca is registered at the Companies’ Registry of the Chamber of Commerce of Milan, Italy under registration number 00714490158. Mediobanca’s registered office is at Piazzetta E. Cuccia 1, Milan, Italy, telephone number (+39) 0288291.

Mediobanca holds a banking licence from the Bank of Italy authorising it to carry on all permitted types of banking activities in Italy.

Mediobanca is a bank organised and existing under the laws of Italy, carrying out a wide range of banking, financial and related activities throughout Italy.

At the date hereof, Mediobanca’s issued share capital totals Euro 410.027.832,50, represented by 820.055.665 registered shares of nominal value Euro 0.50.

The Management Board of Mediobanca is responsible for the ordinary and extraordinary management of Mediobanca.

Mediobanca International (Luxembourg) S.A.: Mediobanca International is a *société anonyme* subject to Luxembourg law and having its place of registration in Luxembourg. On 15 December 2005 the Luxembourg Minister of the Treasury and the Budget, on the recommendation of the CSSF, granted Mediobanca International a full banking licence pursuant to which its operations include raising funds in the international markets and lending, consistent with Mediobanca International’s articles of association approved by the shareholders in the general meeting held on 21 December 2005.

Mediobanca International is registered at the Luxembourg trade and companies registry under registration number B 112885. Mediobanca International’s registered office is at 14 Boulevard Roosevelt L-2450 Luxembourg, Luxembourg.

At the date hereof, Mediobanca International’s issued and authorised share capital totals Euro 10,000,000 represented by 1,000,000 registered shares of Euro 10 par value.

The Board of Directors of Mediobanca International is responsible for setting authorisation levels, defining organisational structure, defining the

system of internal control and reviewing it on a regular basis, and approving the bank's accounts and interim statements. Day-to-day management is entrusted to two managing directors.

Guarantor:

Mediobanca - Banca di Credito Finanziario S.p.A. (with respect to Notes issued by Mediobanca International (Luxembourg) S.A.

Risk Factors relating to the Issuers, the Guarantor and the Mediobanca Group:

There are certain factors that may affect each Issuer's ability to fulfil its obligations under Notes issued under the Programme. These include the following risk factors related to the Mediobanca Group, its operations and its industry:

- (i) The Issuer's financial results may be affected by events which are difficult to anticipate.
- (ii) The Issuer's financial results are affected by changes in interest rates.
- (iii) The Issuer's financial results may be affected by market declines and volatility.
- (iv) The Issuer is subject to credit and market risk. Current market conditions are unprecedented.
- (v) Sustained market weakness and volatility may adversely affect the Issuer's investment banking and financial advisory revenues and subject the Issuer to risks of losses from clients and other counterparties
- (vi) Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and leading to material losses.
- (vii) Market volatility and difficult access to debt capital markets can adversely affect the Issuer's liquidity.
- (viii) Intense competition, especially in the Italian market, where the Issuer has the largest concentration of its business, could materially adversely effect the Issuer's revenues and profitability.
- (ix) The Issuer's risk management policies, procedures and methods may nevertheless leave the Issuer exposed to unidentified or unanticipated risks, which could lead to material losses.
- (x) The Issuer is subject to operational risk.
- (xi) Changes in the Italian and European regulatory framework could adversely affect the Issuer's business.

Risk Factors relating to the Notes:

In addition, there are certain factors which are material for the purpose of assessing the risks related to Notes issued under the Programme. The Notes may not be suitable for all investors. A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. These include the following:

- (i) The Notes may not be a suitable investment for all investors.
- (ii) An optional redemption feature of Notes is likely to limit their market value.
- (iii) 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, the Issuer may redeem all outstanding Notes in accordance with the Conditions, unless in the case of any particular Tranche of Notes the relevant Final Terms specifies otherwise.
- (iv) The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors which determine the amount of principal or interest.

Potential investors should be aware that this may result in, *inter alia*, the market price of such Notes being volatile and losing all or a substantial portion of their principal in case of non-capital guaranteed Notes.

- (v) The Issuer may issue Credit Linked Notes, which are securities linked to the performance of a reference entity and obligations of the reference entity. Investors should note that Credit Linked Notes differ from ordinary debt securities issued by the Issuer in that the amount of principal and interest payable by the Issuer is dependent on whether a “Credit Event” in respect of the reference entity has occurred. In certain circumstances the Notes will cease to bear interest (if they carried interest in the first place) and the value paid to Noteholders on redemption may be less than their original investment and may in certain circumstances be zero.
- (vi) The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.
- (vii) Notes with variable interest rates can be volatile investments.
- (viii) Inverse Floating Rate Notes (also known as Reverse Floating Rate Notes) have an interest rate equal to a fixed rate minus a rate based upon a reference rate, making the market values of those Notes typically more volatile than market values of other conventional floating rate debt securities.
- (ix) Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate.
- (x) The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities.
- (xi) In the case of Subordinated Notes, if Mediobanca is declared insolvent and a winding up is initiated, it will be required to pay the holders of senior debt and meet its obligations to all its other creditors (including unsecured creditors) in full before it can make any payments on any Subordinated Notes.
- (xii) If specified in the Final Terms, to the extent that the Issuer is required by law to withhold or deduct any present or future taxes of any kind imposed or levied by or on behalf of the Republic of Italy or the Grand Duchy of Luxembourg, as appropriate, the Issuer will not be under an obligation to pay any additional amounts to Noteholders.

Risk Factors related to the Notes generally:

- (i) Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State of the European Economic Area is required to provide to the tax authorities of another Member State of the European Economic Area details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person in favour of, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%.
- (ii) The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus.
- (iii) Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global 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.
Risk Factors relating to the market generally:	<ul style="list-style-type: none"> (i) Notes may have no established trading market when issued, and one may never develop. (ii) The Issuer will pay principal and interest on the Notes in the Relevant Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than the Relevant Currency. (iii) Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes. (iv) One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. (v) 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.
Description:	Euro Medium Term Note Programme.
Size:	Up to Euro 40,000,000,000 (or the equivalent in other currencies at the date of each issue) aggregate principal amount of Notes outstanding at any one time.
Currencies:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency or currencies as the relevant Issuer, the Guarantor (where applicable), and the relevant Dealer so agree.
Denomination:	Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or where the Notes are denominated in a currency other than euro, the equivalent amount in such other currency).
Method of Issue:	The Notes may be issued on a syndicated or non-syndicated basis. The Notes will be issued in one or more Series (which may be issued on the same date or which may be issued in more than one Tranche on different dates). The Notes may be issued in Tranches on a continuous basis with no minimum issue size, subject to compliance with all applicable laws, regulations and directives. Further Notes may be issued as part of an existing Series.
Consolidation:	Notes of one series may be consolidated with Notes of another Series, all as described in Condition 12 (<i>Further Issues and Consolidation</i>).
Form of Notes:	The Notes may be issued in bearer form only. The relevant Final Terms will specify whether each Global Note is to be issued in New Global Note or in Classic Global Note form. Each Tranche of Notes will initially be represented by a Temporary Global Note or a Permanent Global Note which, in each case, will be deposited on or around the Issue Date: (a) in the case of Notes intended to be issued in Classic Global Note form, with a common depositary on behalf of Euroclear and/or Clearstream,

Luxembourg and/or any other relevant clearing system and (b) in the case of Notes intended to be issued in New Global Note form, with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. No interest will be payable in respect of a Temporary Global Note except as described under “Summary of Provisions Relating to the Notes while in Global Form”.

Interests in Temporary Global Notes will be exchangeable for interests in Permanent Global Notes or, if so stated in the relevant Final Terms for Definitive Notes after the date falling 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. If specified in the relevant Final Terms, interests in Permanent Global Notes will be exchangeable for definitive Notes as described under “Summary of Provisions Relating to the Notes while in Global Form”. Definitive Notes will, if interest-bearing, have interest Coupons attached and, if appropriate, a Talon for further Coupons and will, if the principal thereof is repayable by instalments, have payment Receipts attached.

Fixed Rate Notes: Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.

Floating Rate Notes: Floating Rate Notes will bear interest set separately for each Series by reference to the benchmark as may be specified in the relevant Final Terms as adjusted for any applicable margin.

Interest periods will be specified in the relevant Final Terms.

Zero Coupon Notes: Zero Coupon Notes may be issued at their principal amount or at a discount or a premium to it and will not bear interest.

Index-Linked Interest Notes or other Variable-Linked Interest Notes: The Final Terms issued in respect of each issue of Index-Linked Interest Notes or other Notes bearing interest linked to a formula or other variable will specify the basis for calculating the amounts of interest payable, which may be by reference to an index or formula or as otherwise provided in the relevant Final Terms.

Credit-Linked Notes: Payments of principal and/or interest (if any) in respect of Credit-Linked Notes, which may be issued by any Issuer, will depend on whether or not a specified “Credit Event” occurs in respect of one or more specified “Reference Entities” and/or the obligations of any of such Reference Entities. Following the occurrence of a Credit Event, Credit-Linked Notes may either be cash settled or physically settled by delivery of bonds or other qualifying obligations of the defaulted Reference Entity, as indicated in the relevant Final Terms.

Drawdowns of this product include: Single Name Credit-Linked Notes (where Noteholders take the credit risk of a single named Reference Entity), Basket Credit-Linked Notes (where Noteholders take the credit risk in respect of two or more Reference Entities in a basket of Reference Entities), First-to-Default Credit-Linked Notes (where Noteholders take the credit risk of the first to default among a basket of Reference Entities) and Nth-to-Default Credit-Linked Notes (where Noteholders take the credit risk of the Nth to default among a basket of Reference Entities). Other types of Credit-Linked Notes may be issued as set out in the relevant Final Terms. See “General Terms for Credit-Linked Notes” in this Base Prospectus for the terms and conditions applicable to Credit-Linked Notes issued under the Programme. The specific terms and conditions applicable to a particular issue of Credit-Linked Notes will be set out in the relevant Final Terms.

Extendible Notes: The Final Terms will set out the manner in which the holders of Extendible Notes may exercise their option to extend the Maturity Period of such Notes.

Other Notes:	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, dual currency Notes, reverse dual currency Notes, optional dual currency Notes, partly-paid Notes, variable rate Notes, inverse floating rate Notes and any other type of Notes which the relevant Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms.
Interest Periods and Interest Rates:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.
Status of the Notes:	Notes may be issued by Mediobanca on a subordinated or unsubordinated basis, as specified in the relevant Final Terms. Notes issued by Mediobanca International may only be issued on an unsubordinated basis. <ul style="list-style-type: none"> (i) Status of the Senior Notes: <p>The Senior Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the relevant Issuer and will rank at all times at least <i>pari passu</i> without any preference among themselves and equally with all other present and future unsecured and unsubordinated obligations of the relevant Issuer, save for certain mandatory exceptions of applicable law. See Condition 2(b) (<i>Status of Senior Notes</i>).</p> (ii) Status of the Subordinated Notes: <p>Subordinated Notes (Upper Tier II Subordinated Notes, Lower Tier II Subordinated Notes and Tier III Subordinated Notes, as the case may be) constitute direct, unsecured and subordinated obligations of Mediobanca, all as described in Condition 3 (<i>Status and Special Provisions of Subordinated Notes</i>) and the relevant Final Terms.</p> <p>In the event of a winding up, dissolution, liquidation or bankruptcy (including, <i>inter alia</i>, <i>Liquidazione Coatta Amministrativa</i>) of Mediobanca, the payment obligations of Mediobanca under each Series of Subordinated Notes, and the relative Coupons as the case may be, will rank in right of payment (A) after unsubordinated creditors (including depositors and any holder of Senior Notes and their respective Coupons) of Mediobanca but (B) at least <i>pari passu</i> with all other subordinated obligations of Mediobanca which do not rank or are not expressed by their terms to rank junior or senior to such Series of Subordinated Notes and (C) in priority to the claims of shareholders of Mediobanca. Lower Tier II Subordinated Notes and Tier III Subordinated Notes rank <i>pari passu</i> amongst themselves and rank senior to Upper Tier II Subordinated Notes, all as described in Condition 3 (<i>Status and Special Provisions of Subordinated Notes</i>).</p>
Guarantee:	Under the Deed of Guarantee, in accordance with the terms and subject to the limitations thereof, Mediobanca unconditionally and irrevocably guarantees payment of all amounts due in respect of Notes issued by Mediobanca International. See also Condition 2(c) (<i>Status of Guarantee</i>).
Status of the Guarantee:	The payment obligations of the Guarantor under the Deed of Guarantee constitute, in accordance with the terms and subject to the limitations thereof, direct, unconditional, unsubordinated and unsecured obligations of the Guarantor which will rank at all times at least <i>pari passu</i> without any preference among themselves and equally with all other present and future unsecured and unsubordinated obligations of the Guarantor, save

for certain mandatory exceptions of applicable law. See also Condition 2(c) (*Status of Guarantee*).

Loss Absorption on Upper Tier II Subordinated Notes:

To the extent that Mediobanca at any time suffers losses which, in accordance with Articles 2446 and 2447 of the Italian Civil Code or otherwise in accordance with Italian laws and regulations, would require it to reduce its paid up share capital and reserves to below its Minimum Capital, the obligations of Mediobanca in respect of interest and principal under Upper Tier II Subordinated Notes will be reduced to the extent necessary to enable Mediobanca, in accordance with the requirements of Italian legal and regulatory provisions, to maintain at least its Minimum Capital. The obligations of Mediobanca in respect of interest and principal due under Upper Tier II Subordinated Notes which are so reduced will be subject to reinstatement in certain circumstances. See Condition 3 (*Status and Special Provisions of Subordinated Notes*).

Deferral of Interest on Upper Tier II Subordinated Notes:

Mediobanca will not be required to pay interest on the Upper Tier II Subordinated Notes on an Interest Payment Date if: (A) no annual dividend has been approved, paid or set aside for payment by a shareholders' meeting of Mediobanca or paid in respect of any class of shares during the 12-month period ending on, but excluding, the fifteenth Business Day immediately preceding such Interest Payment Date; or (B) the Management Board of Mediobanca has announced, at the time of publication of any interim accounts published during the six-month period ending on, but excluding, the fifteenth Business Day immediately preceding such Interest Payment Date that, based on such interim accounts, no sums are available at such time in accordance with Italian law for the payment of interim dividends, in accordance with Article 2433-bis of the Italian Civil Code. The obligations of Mediobanca in respect of interest due under the Upper Tier II Subordinated Notes which are so deferred will be subject to reinstatement in certain circumstances. See Condition 3 (*Status and Special Provisions relating to Subordinated Notes*).

Tier III Subordinated Notes:

Tier III Subordinated Notes shall be subject to the same restrictions provided in respect of similar indebtedness qualifying as Upper Tier II Subordinated Notes or Lower Tier II Subordinated Notes except that any Tier III Subordinated Notes are subject to (i) a different minimum Maturity Period as specified in the relevant Final Terms and (ii) a lock-in clause pursuant to which payments of interest or repayment of principal shall be suspended during the period in which such payments or repayments would reduce the total amount of the assets (*ammontare complessivo dei fondi patrimoniali*) of Mediobanca below the aggregate of the capital requirements (*complesso dei requisiti patrimoniali*) of Mediobanca, as provided under the Bank of Italy Regulations. Interest shall not accrue on any repayments of principal or payments of interest suspended as described above. See Condition 3 (*Status and Special Provisions of Subordinated Notes*).

Cross Default:

The Senior Notes will contain a cross default in respect of indebtedness for borrowed money of the relevant Issuer and, where applicable, the Guarantor, as more fully set out in Condition 9(a) (*Events of Default of Senior Notes*).

Optional Redemption:

The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed before their stated maturity at the option of the relevant Issuer (either in whole or in part) and/or the Noteholders, and if so the terms applicable to such redemption and subject to all relevant legal and regulatory requirements.

If the Notes are Subordinated Notes, unless otherwise permitted by current laws, regulations, directives, and/or the Bank of Italy's requirements applicable to the issue of Subordinated Notes by Mediobanca, the Optional Redemption Date shall not be earlier than (i) in the case of Upper Tier II Subordinated Notes, ten years after the Issue Date, (ii) in the case of Lower Tier II Subordinated Notes, five years after the Issue Date and (iii) in the case of Tier III Subordinated Notes, two years after the Issue Date, subject to the Bank of Italy prior authorisation when required.

Tax Redemption: The relevant Final Terms will specify whether early redemption will be permitted for tax reasons as described in Condition 5(c) (*Redemption for taxation reasons*).

Taxation: All payments in respect of Notes, Receipts and Coupons by the Issuer or (as the case may be) the Guarantor under the Deed of Guarantee will be made without withholding or deduction for, or on account of, any taxes imposed by the Grand Duchy of Luxembourg or the Republic of Italy, as the case may be, unless such withholding or deduction is required by law. In that event, the Issuer or (as the case may be) the Guarantor will (save as provided in Condition 7 (*Taxation*)) pay such additional amounts as will result in the holders of Notes, Receipts or Coupons receiving such amounts as they would have received in respect to Notes, Receipts or Coupons had no such withholding or deduction been required.

However, as more fully set out in Condition 7 (*Taxation*), neither the Issuer nor (as the case may be) the Guarantor will be liable to pay any additional amounts to holders of Notes, Receipts or Coupons in relation to any payment on any Note, Receipt or Coupon with respect to any withholding or deduction for or on account of, *inter alia*, (i) substitute tax (*imposta sostitutiva*) pursuant to Italian Legislative Decree No. 239 of 1st April 1996; (ii) withholding tax on Notes issued by Mediobanca with an original maturity of less than 18 months, pursuant to Italian Presidential Decree 29 September 1973, No. 600; and (iii) withholding tax on Notes qualifying as atypical securities (*titoli atipici*) for Italian tax purposes, pursuant to Italian Law Decree 30 September 1983, No. 512.

Rating: The rating of the Notes, if any, to be issued under the Programme will be specified in the applicable Final Terms.

Governing Law: The Notes and all related contractual documentation will be governed by, and construed in accordance with, English law, except for certain provisions relating to Subordinated Notes, which will be governed by Italian law, as more fully set out in Condition 15(a) (*Governing Law*).

Listing and Admission to Trading: Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made for Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets as may be agreed between the relevant Issuer, the Guarantor (where applicable) and the relevant Dealer in relation to the relevant Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The CSSF may, at the request of either Issuer, send to the competent authority of another European Economic Area Member State (i) a copy of this Base Prospectus; (ii) an Attestation Certificate in accordance with Article 18(i) of the Prospectus Directive; and (iii) if so required by such competent authority, a translation of this Summary.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and

conditions not contained herein which are applicable to each Tranche of Notes will be set out in the Final Terms which, with respect to Notes to be listed on the Luxembourg Stock Exchange, will be delivered to the Luxembourg Stock Exchange.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Selling Restrictions:

See “Plan of Distribution”.

In connection with the offering and sale of a particular Tranche of Notes, additional selling restrictions may be imposed which will be set out in the relevant Final Terms.

RISK FACTORS

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

The Issuers and the Guarantor believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuers and the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuers and the Guarantor based on information currently available to them or which they may not currently be able to anticipate.

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

Words and expressions defined in “Form of Final Terms”, “General Terms for Credit-Linked Notes” and “Terms and Conditions of the Notes” or elsewhere in this Base Prospectus have the same meaning in this section. Prospective investors should read the entire Base Prospectus. In this section, “Issuer” refers to Mediobanca and/or to Mediobanca International as appropriate.

Risks relating to the Issuers and the Guarantor and the Mediobanca Group

The Issuer’s financial results may be affected by events which are difficult to anticipate

The Issuer’s earning and business are affected by general economic conditions, the performance of financial markets, interest rate levels, currency exchange rates, changes in laws and regulation, changes in the policies of central banks, particularly the Bank of Italy and the European Central Bank, and competitive factors, in each case on a regional, national and international level. Each of these factors can change the level of demand for the Issuer’s products and services, the credit quality of borrowers and counterparties, the interest rate margin of the Issuer between lending and borrowing costs and the value of the Issuer’s investment and trading portfolios.

The Issuer’s financial results are affected by changes in interest rates

Fluctuations in interest rates in Italy and in the other markets in which the Mediobanca Group operates influence the Mediobanca Group’s performance. The results of each Issuer’s banking operations are affected by its management of interest rate sensitivity. Interest rate sensitivity refers to the relationship between changes in market interest rates and changes in net interest income. A mismatch of interest-earning assets and interest-bearing liabilities in any given period, which tends to accompany changes in interest rates, may have a material effect on the Issuer’s financial condition or results of operations.

The Issuer’s financial results may be affected by market declines and volatility

The results of the Issuer are affected by general economic, financial and other business conditions. During recessionary periods, there may be less demand for loan products and a greater number of the Issuer’s customers may default on their loans or other obligations. Interest rate rises may also impact the demand for mortgages and other loan products. The risk arising from the impact of the economy and business climate on the credit quality of the Issuer’s borrowers and counter-parties can affect the overall credit quality and the recoverability of loans and amounts due from counterparties.

The Issuer is subject to credit and market risk. Current market conditions are unprecedented

The credit and capital markets have been experiencing extreme volatility and disruption in recent months. To the extent that any of the instruments and strategies the Issuer uses to hedge or otherwise manage its exposure to credit or capital markets risk are not effective, the Issuer may not be able to mitigate effectively the Issuer’s risk exposures in particular market environments or against particular types of risk. The Issuer’s trading revenues and interest rate risk are dependent upon its ability to identify properly, and mark to market, changes in the value of financial instruments caused by changes in market prices or interest rates. The Issuer’s financial results also depend upon how effectively the Issuer determines and assesses the cost of

credit and manages its credit risk and market risk concentration. In addition, due to market fluctuations, weak economic conditions and/or a decline in stock and bond prices, trading volumes or liquidity, the Issuer's financial results may also be affected by a downturn in the revenues deriving from its margin interests, principal transactions, investment banking and securities trading fees and brokerage activities.

Sustained market weakness and volatility may adversely affect the Issuer's investment banking and financial advisory revenues and subject the Issuer to risks of losses from clients and other counterparties

The Issuer's investment banking revenues, in the form of financial advisory and debt and equity underwriting fees, are directly related to the number and size of the transactions in which the Issuer participates and may be impacted by continued or further credit market dislocations or sustained market downturns. Sustained market downturns or continued or further credit market dislocations and liquidity issues would also likely lead to a decline in the volume of capital market transactions that the Issuer executes for its clients and, therefore, to a decline in the revenues that it receives from commissions and spreads earned from the trades the Issuer executes for its clients. Further, to the extent that potential acquirers are unable to obtain adequate credit and financing on favourable terms, they may be unable or unwilling to consider or complete acquisition transactions, and as a result the Issuer's merger and acquisition advisory practice would suffer.

In addition, declines in the market value of securities can result in the failure of buyers and sellers of securities to fulfil their settlement obligations, and in the failure of the Issuer's clients to fulfil their credit obligations. During market downturns, the Issuer's counterparties in securities transactions may be less likely to complete transactions. Also, the Issuer often permit its clients to purchase securities on margin or, in other words, to borrow a portion of the purchase price from the Issuer and collateralize the loan with a set percentage of the securities. During steep declines in securities prices, the value of the collateral securing margin purchases may drop below the amount of the purchasers indebtedness. If the clients are unable to provide additional collateral for these loans, the Issuer may lose money on these margin transactions. In addition, particularly during market downturns, the Issuer may face additional expenses defending or pursuing claims or litigation related to counterparty or client defaults.

Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and leading to material losses

In some of the Issuer's businesses, protracted adverse market movements, particularly asset price declines, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if the Issuer cannot close out deteriorating positions in a timely way. This may especially be the case for assets of the Issuer for which there are not very liquid markets to begin with. Assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may have values that the Issuer calculates using models other than publicly quoted prices. Monitoring the deterioration of prices of assets like these is difficult and failure to do so effectively could lead to losses that the Issuer did not anticipate or that were higher than those anticipated. This in turn could adversely affect the Issuer's results of operations and financial condition.

Market volatility and difficult access to debt capital markets can adversely affect the Issuer's liquidity

In the event that the extreme volatility and disruption experienced by international and domestic markets in recent months continue in the future, the Issuer's liquidity can be adversely affected. In particular, in the absence of a developed retail network, the Issuer's funding strategy relies primarily on medium and long-term debt capital market issues offered to the public in Italy through a network of third party financial intermediaries on the basis of distribution arrangements agreed upon on a case by case basis or placed with foreign investors by way of public offerings or private placements. As a consequence, the volatility of the debt capital markets in Italy and abroad may impair the Issuer's ability to raise funding through fixed-income instruments and may affect its liquidity in the long term. In addition, the wider credit spreads that the markets are experiencing can affect the Issuer's aggregate cost of funding and have an impact on its financial results.

Intense competition, especially in the Italian market, where the Issuer has the largest concentration of its business, could materially adversely affect the Issuer's revenues and profitability

Competition is intense in all of the Mediobanca Group's primary business areas in Italy and the other countries in which the Issuer conducts its business. The Mediobanca Group derives most of its total banking income from its banking activities in Italy, a mature market where competitive pressures have been increasing quickly. If the Mediobanca Group is unable to continue to respond to the competitive environment in Italy with attractive product and service offerings that are profitable for the Mediobanca Group, it may lose market

share in important areas of its business or incur losses on some or all of its activities. In addition, downturns in the Italian economy could add to the competitive pressure, through, for example, increased price pressure and lower business volumes for which to compete.

The Issuer's risk management policies, procedures and methods may nevertheless leave the Issuer exposed to unidentified or unanticipated risks, which could lead to material losses

The Issuer has devoted significant resources to developing policies, procedures and assessment methods to manage market, credit, liquidity and operating risk and intends to continue to do so in the future. Nonetheless, the Issuer's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risks, including risks that the Issuer fails to identify or anticipate. If existing or potential customers believe that the Issuer's risk management policies and procedures are inadequate, the Issuer's reputation as well as its revenues and profits may be negatively affected.

The Issuer is subject to operational risk

The Issuer, like all financial institutions, is exposed to many types of operational risk, including the risk of fraud by employees and outsiders, unauthorised transactions by employees or operational errors, including errors resulting from faulty computer or telecommunication systems. The Issuer's systems and processes are designed to ensure that the operational risks associated with the Issuer's activities are appropriately monitored. Any failure or weakness in these systems, however, could adversely affect the Issuer's financial performance and business activities.

Changes in the Italian and European regulatory framework could adversely affect the Issuer's business

The Issuer is subject to extensive regulation and supervision by the Bank of Italy and the *Commissione Nazionale per le Società e la Borsa* (the Italian securities market regulator or "CONSOB") in relation to Mediobanca, the European Central Bank and the European System of Central Banks in relation to both Issuers and the CSSF in Luxembourg in relation to Mediobanca International. The banking laws to which the Issuer is subject govern the activities in which banks and foundations may engage and are designed to maintain the safety and soundness of banks, and limit their exposure to risk. In addition, the Issuer must comply with financial services laws that govern its marketing and selling practices. Any changes in how such regulations are applied or the implementation of the New Basel Capital Accord (Basel II) on capital requirements for financial institutions, may have a material effect on the Issuer's business and operations. As some of the banking laws and regulations affecting the Issuer have been recently adopted, the manner in which those laws and related regulations are applied to the operations of financial institutions is still evolving. No assurance can be given that laws and regulations will be adopted, enforced or interpreted in a manner that will not have an adverse effect on the business, financial condition, cash flows and results of operations of the Issuer.

Risks relating to 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:

- (i) in the case of structured Notes (plain vanilla Notes together with one or more embedded derivative instrument) proceed with investment only after fully appreciating the risks inherent in the nature of the Notes;
- (ii) 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;
- (iii) consider all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency; and
- (iv) 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.

A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing

conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Examples of some of the most common features are described below (but are not intended to be an exhaustive description).

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes.

At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in the light of other investments available at that time.

Redemption for tax reasons

Unless in the case of any particular Tranche of Notes the relevant Final Terms specifies otherwise, in the event that the Issuer (i) 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 Luxembourg or Italy (as appropriate) or any political subdivision thereof or any authority therein or thereof having power to tax or (ii) would become subject to more than a *de minimis* additional amount of taxes due to limitation to the deductibility of payments under any Notes, the Issuer may redeem all outstanding Notes in accordance with the Conditions. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Index-Linked, Credit-Linked and other Variable-Linked Interest Notes and Dual Currency Notes

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors which determine the amount of principal or interest (each, a “**relevant factor**”). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) they may lose all or a substantial portion of their principal in case of non-capital guaranteed Notes;
- (iv) the relevant factors may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other securities or indices;
- (v) if a relevant factor is applied to the Notes in conjunction with a multiplier greater than one or contains any other leverage factor, the effect of changes in the relevant factor on principal or interest payable likely will be magnified; and
- (vi) the timing of changes in a relevant factor may affect the actual yield to investors, even if the average level is consistent with their expectations.

Credit Linked Notes

The Issuer may issue Credit-Linked Notes, which are securities which are credit-linked to the performance of one or more Reference Entities and the obligations of such Reference Entity/ies. Investors should note that Credit-Linked Notes differ from ordinary debt securities issued by the Issuer in that the amount of principal and interest payable by the Issuer is dependent on whether a Credit Event has occurred in respect of the relevant Reference Entity/ies. In certain circumstances the Notes will cease to bear interest and the value paid to Noteholders on redemption may be less than their original investment and may in certain circumstances be zero. Investors should have sufficient knowledge and experience in financial and business

matters to evaluate the merits and risks of investing in Credit-Linked Notes as well as access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their financial situation.

Investors in the Notes will be exposed to the credit risk of the Reference Entity. Prospective purchasers of the Notes should conduct their own investigations and, in deciding whether or not to purchase the Notes, should form their own views of the merits of an investment related to the Notes based upon such investigations. In particular, each investor contemplating purchasing any Notes should make its own appraisal of the Reference Entity. If in doubt, potential investors are strongly recommended to consult with their independent financial advisers before making any investment decision. Neither the Issuer nor any other person on their behalf makes any representation or warranty, express or implied, as to the credit quality of the Reference Entity. The Issuer may have acquired, or during the term of the Notes may acquire, confidential information with respect to the Reference Entity and is not required to disclose this information to the Noteholder or any other party.

Holders of Credit-Linked Notes will have a contractual relationship only with the Issuer and not with any obligor in respect of any Reference Obligation or any Reference Entity. Consequently, the Credit-Linked Notes will not constitute a purchase or other acquisition or assignment of any interest in any Reference Obligation or any Reference Entity. Holders of Credit-Linked Notes will have rights solely against the Issuer and will have no recourse against the obligor in respect of any Reference Obligation or any Reference Entity. The Noteholders will not have any rights to acquire from the Issuer (or to require the Issuer) to transfer, assign or otherwise dispose of any interest in any Reference Obligation or any Reference Entity.

The Credit-Linked Notes are linked to the creditworthiness of the relevant Reference Entity/ies. The likelihood of a Credit Event occurring in respect of any Reference Entity will generally fluctuate with, among other things, the financial condition and other characteristics of such Reference Entity, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates.

Any quotations used in the calculation of the Cash Settlement Amount may be affected by factors other than the occurrence of the Credit Event. Such prices may vary widely from dealer to dealer and substantially between Valuation Dates. The obligations selected, even absent a Credit Event, may be illiquid and such illiquidity may be expected to be more pronounced following the occurrence of a Credit Event, thereby adversely affecting any determination of the value of such obligation which in turn will impact on the amount by which the Cash Settlement Amount of the Notes may be reduced. The Calculation Agent is entitled to select the obligation which has the lowest value in the market at the relevant time – providing such obligation satisfies certain specifications and limits for qualification as a Reference Obligation – for the purposes of calculating the amount by which the Cash Settlement Amount is reduced following a Credit Event.

Some Reference Obligations may have no, or only a limited, trading market. The liquidity of Reference Obligations will generally fluctuate with, among other things, the underlying liquidity of the loan and bond markets, general economic conditions, domestic and international political events, developments or trends in a particular industry and the financial condition of the relevant Reference Entity/ies. The financial markets have experienced periods of volatility and reduced liquidity which may re-occur and reduce the market value of the relevant Reference Obligation(s).

Some or all of the Reference Obligations may also be subject to restrictions on transfer and may be considered illiquid. If a Credit Event occurs in respect of a Reference Entity, any resulting diminution in market value of the related Reference Obligation could be further magnified by reason of such limited liquidity for Reference Obligations generally or that Reference Obligation in particular.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes (also known as Reverse Floating Rate Notes) have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as EURIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Subordinated Notes

If Mediobanca is declared insolvent and a winding up is initiated, it will be required to pay the holders of senior debt and meet its obligations to all its other creditors (including unsecured creditors) in full before it can make any payments on the Subordinated Notes. If this occurs, Mediobanca may not have enough assets remaining after these payments to pay amounts due under the Subordinated Notes. In addition, the payment obligations of Mediobanca under Upper Tier II Subordinated Notes rank behind Lower Tier II Subordinated Notes and Tier III Subordinated Notes.

The payment obligations arising under Subordinated Notes are subject to additional limitations. Firstly, the claims of the holders of Upper Tier II Subordinated Notes in relation to payments of principal and interest will be reduced to the extent necessary to enable Mediobanca to maintain its capital at certain minimum levels required by the Bank of Italy. Secondly, Mediobanca may defer interest payments on such Notes in certain circumstances where annual or interim dividends are not declared. In the case of Tier III Subordinated Notes, payment of interest and principal is subject to suspension where such payments would otherwise reduce Mediobanca's assets below certain minimum levels required by the Bank of Italy.

Any reduction or deferral of payments of principal and interest is likely to have an adverse effect on the market price of Subordinated Notes. In addition, as a result of the payment reduction and deferral provisions described above, the market price of Subordinated Notes may be more volatile than the market prices of debt securities which are not subject to such provisions and may be more sensitive generally to adverse changes in the financial condition of Mediobanca and the Mediobanca Group.

For a full description of the provisions relating to Subordinated Notes, see Condition 3 (*Status and Special Provisions of Subordinated Notes*).

No gross up on withholding tax

To the extent that the Issuer is required by law to withhold or deduct any present or future taxes of any kind imposed or levied by or on behalf of the Republic of Italy or the Grand Duchy of Luxembourg (as appropriate), the Issuer may not be under an obligation to pay any additional amounts to Noteholders.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State of the European Economic Area is required to provide to the tax authorities of another Member State of the European Economic Area details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person in favour of, a beneficial owner that is an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full 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 of the European Economic Area, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such person in favour of, a beneficial owner that is an individual resident in a Member State of the European Economic Area. In addition, the Member States of the European Economic Area 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 of the European Economic Area to, or collected by such person in favour of, an individual resident in one of those territories.

Change of law

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus except for Conditions 3 (*Status and Special Provisions of Subordinated Notes*), 5(g) (*Redemption and purchase of Subordinated Notes*) and 9(b) (*Events of Default of Subordinated Notes*), which are governed by, and shall be construed in accordance with, 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 (when applicable), or administrative practice after the date of this Base Prospectus.

Procedures of clearing systems

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary or (where applicable) common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant 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 one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant 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 relevant 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.

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 that may be relevant in connection with an investment in Notes:

The secondary market generally

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. Therefore, 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. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market

risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Relevant Currency. 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 the Relevant Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Relevant Currency 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 Relevant Currency 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. 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.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

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 its purchase or pledge of any Notes. Each prospective investor 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.

Notes enjoying the benefit of an Italian Government guarantee

In the context of the extreme volatility and disruption experienced by international and domestic markets in recent months, the Italian Government is implementing extraordinary measures intended to provide sufficient liquidity to the banking sector. Among such measures, pursuant to Article 1-*bis* of Italian Government Decree No. 155 of 9 October 2008, as converted into law by Law No. 190 of 4 December 2008, Italian banks, subject to certain requirements being met, will be entitled to issue bonds enjoying the benefit of a guarantee given by the Italian Government (the "**Government Guarantee**"). Once all relevant implementing regulations are in place, Mediobanca may consider to issue Notes under the Programme which benefit from the Government Guarantee and, if applicable, the Issuers will prepare a supplement to this Base Prospectus in connection thereto.

DOCUMENTS INCORPORATED BY REFERENCE

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

- the audited consolidated annual financial statements as at and for the years ended 30 June 2008, 2007 and 2006 of Mediobanca;
- the audited non-consolidated annual financial statements as at and for the years ended 30 June 2008, 2007 and 2006 of Mediobanca International; and
- the unaudited consolidated financial statements as at and for the three months ended 30 September 2008, 2007 and 2006 of Mediobanca,

in the case of the above-mentioned financial statements, together with the accompanying notes and (where applicable) auditor's reports, save that any statement contained in this Base Prospectus or in any of the documents incorporated by reference in, and forming part of, this Base Prospectus shall be deemed to be modified or superseded for the purpose of this Base 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.

The Issuers will provide, without charge to each person to whom a copy of this Base Prospectus has been delivered, upon the request of such person, a copy of any or all the documents deemed to be incorporated by reference herein unless such documents have been modified or superseded as specified above, in which case the modified or superseded version of such document will be provided. Request for such documents should be directed to the Issuers at their offices set out at the end of this Base Prospectus. In addition, such documents will be available, without charge, at the principal office of the Paying Agent in Luxembourg and on the Luxembourg Stock Exchange's website (www.bourse.lu), on the Mediobanca's website (www.mediobanca.it) and on the Mediobanca International's website (www.mediobancaint.lu).

Cross-reference list

The following table shows where the information required under Annex XI of Commission Regulation (EC) No. 809/2004 can be found in the above mentioned documents incorporated by reference. Any information contained in the documents incorporated by reference but not set out below is given for information purposes only.

Mediobanca - Consolidated annual financial statements

<i>Commission Regulation (EC) No. 809/2004, Annex XI, Paragraph 11.1</i>	2008	2007	2006
Balance sheet	Pages 56-57	Pages 48-49	Pages 48-49
Statement of income	Page 58	Page 50	Page 50
Statement of changes in equity	Page 59-60	Pages 51-53	Pages 64-65
Cashflow statement	Pages 62-63	Page 54-55	Page 66
Accounting policies and explanatory notes	Pages 65-208	Pages 59-178	Pages 53-173
Auditors' review/reports	Page 53	Page 199	Page 45

Mediobanca - Consolidated three-monthly financial statements

<i>Commission Regulation (EC) No. 809/2004, Annex XI, Paragraph 11.5</i>	2008	2007	2006
Balance sheet	Pages 39-40	Pages 33-34	Pages 32-33
Statement of income	Page 41	Page 35	Page 34
Accounting policies and explanatory notes	Pages 27-38	Pages 21-32	Pages 21-31

Mediobanca International - Non-Consolidated annual financial statements

<i>Commission Regulation (EC) No. 809/2004, Annex XI, Paragraph 11.1</i>	2008	2007	2006
Balance sheet	Page 3	Page 3	Pages 10-11
Statement of income	Page 4	Page 4	Page 13
Cashflow statement	Page 6	Page 6	N/A (*)
Statement of changes in equity	Page 5	Pages 7-56	Page 5
Accounting policies and explanatory notes	Pages 7-31	N/A	Pages 14-30
Auditors' review/reports	Pages 1-2	Pages 1-2	Page 31

(*) The cashflow statement for the year ended 30 June 2006 is included on page 6 in the 2007 financial statements.

SUPPLEMENTS AND FURTHER PROSPECTUSES

The Issuers will prepare a replacement prospectus setting out the changes in the operations and financial conditions of the Issuers at least every year after the date of this Base Prospectus and each subsequent Base Prospectus.

The Issuers have given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to the information contained in this Base Prospectus which is capable of affecting the assessment of the Notes, they shall prepare a supplement to this Base Prospectus or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer a number of copies of such supplement as a Dealer may reasonably request.

In addition, the Issuers and the Guarantor may agree with any Dealer to issue Notes in a form not contemplated in the section of this Base Prospectus entitled “Form of Final Terms”. To the extent that the information relating to that Tranche of Notes constitutes a significant new factor in relation to the information contained in this Base Prospectus, a separate prospectus specific to such Tranche (a “**Drawdown Prospectus**”) will be made available and will contain such information. Each Drawdown Prospectus will be constituted either (1) by a single document containing the necessary information relating to the relevant Issuer and (if applicable) the Guarantor and the relevant Notes or (2) pursuant to Article 5.3 of the Prospectus Directive, by a registration document containing the necessary information relating to the relevant Issuer and (if applicable) the Guarantor, a securities note containing the necessary information relating to the relevant Notes and, if necessary, a summary note. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, references in this Base Prospectus to information specified or identified in the Final Terms shall (unless the context requires otherwise) be read and construed as information specified or identified in the relevant Drawdown Prospectus.

FORMS OF THE NOTES

Each Tranche of Notes will initially be in the form of either a temporary global note (a “**Temporary Global Note**”), without Coupons, or a permanent global note (a “**Permanent Global Note**”), without Coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a “**Global Note**”) which is not intended to be issued in a new global note form (a “**Classic Global Note**” or “**CGN**”), as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank S.A./N.V. (“**Euroclear**”) and/or Clearstream Banking, société anonyme, Luxembourg (“**Clearstream, Luxembourg**”) and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form (a “**New Global Note**” or “**NGN**”), as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

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 (including denomination in euro and listing on an EU regulated market or on an ECB-approved non-regulated market). 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 the 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 (and if the above-mentioned other criteria are fulfilled).

The relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the “**TEFRA C Rules**”) or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the “**TEFRA D Rules**”) are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for a Permanent Global Note”, then the Notes will initially be in the form of a Temporary Global Note without Coupons or Receipts (as defined herein), interests in which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without Coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes 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.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the relevant Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and
- (ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership, within seven days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership, *provided, however*, that in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

The Permanent Global Note will be exchangeable in whole, but not in part, for Notes in definitive form (“**Definitive Notes**”):

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies “in the limited circumstances described in the Permanent Global Note”, then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system 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 9 (*Events of Default*) occurs.

Where interests in the Permanent Global Note are to be exchanged for Definitive Notes in the circumstances described in (i) and (ii) above, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form. As an exception to the above rule, where the Permanent Global Note may only be exchanged in the limited circumstances described in (iii) above, Notes may be issued in denominations which represent the aggregate of (i) a minimum denomination of Euro 50,000, plus (ii) integral multiples of Euro 1,000, *provided that* such denominations are not less than Euro 50,000 nor more than Euro 99,000. For the avoidance of doubt, each holder of Notes of such denominations will, upon exchange for Definitive Notes, receive Definitive Notes in an amount equal to its entitlement to the principal amount represented by the Permanent Global Note. However, a Noteholder who holds an aggregate principal amount of less than the minimum denomination may not receive a Definitive Note and would need to purchase a principal amount of Notes such that its holding is an integral multiple of the minimum denomination.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons, Talons and Receipts attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 45 days of the bearer requesting such exchange.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for Definitive Notes” and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules nor the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note, without Coupons, interests in which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being “Temporary Global Note exchangeable for Definitive Notes” and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note, without Coupons or Receipts, interests in which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes 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.

Where the Temporary Global Note is to be exchanged for Definitive Notes, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons, Talons and Receipts (as defined herein) attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 45 days of the bearer requesting such exchange.

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specifies the form of Notes as being “Permanent Global Note exchangeable for Definitive Notes”, then the Notes will initially be in the form of a Permanent Global Note, without Coupons or Receipts, interests in which will be exchangeable in whole, but not in part, for Definitive Notes:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies “in the limited circumstances described in the Permanent Global Note”, then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system 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 9 (*Events of Default*) occurs.

Where interests in the Permanent Global Note are to be exchanged for Definitive Notes in the circumstances described in (i) and (ii) above, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form. As an exception to the above rule, where the Permanent Global Note may only be exchanged in the limited circumstances described in (iii) above, Notes may be issued in denominations which represent the aggregate of (i) a minimum denomination of Euro 50,000, plus (ii) integral multiples of Euro 1,000, *provided that* such denominations are not less than Euro 50,000 nor more than Euro 99,000. For the avoidance of doubt, each holder of Notes of such denominations will, upon exchange for Definitive Notes, receive Definitive Notes in an amount equal to its entitlement to the principal amount represented by the Permanent Global Notes. However, a Noteholder who holds an aggregate principal amount of less than the minimum denomination may not receive a Definitive Note and would need to purchase a principal amount of Notes such that its holding is an integral multiple of the minimum denomination.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons, Talons and Receipts attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 45 days of the bearer requesting such exchange. Where the Notes are listed on the Luxembourg Stock Exchange and its rules so require, the Issuer will give notice of the exchange of the Permanent Global Note for Definitive Notes pursuant to Condition 13 (*Notices*).

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under “Terms and Conditions of the Notes” below and the provisions of the relevant Final Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under “Summary of Provisions relating to the Notes while in Global Form” below.

Legend concerning United States persons

In the case of any Tranche of Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons 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.”

The sections referred to in such legend provide that a United States person who holds a Note, Coupon, Talon or Receipt will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note, Coupon, Talon or Receipt and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

GENERAL DESCRIPTION OF THE EURO 40,000,000,000 EURO MEDIUM TERM NOTE PROGRAMME

The following is a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive. The following overview does not purport to be complete and is qualified by the remainder of this Document and, in relation to the terms and conditions of any particular Series (as defined below in “Terms and Conditions of the Notes”) of Notes, the applicable Final Terms. Subject as provided in the Terms and Conditions of the Notes, any of the following (including, without limitation, the type of Notes which may be issued pursuant to the Programme) may be varied or supplemented as agreed between the Issuer, the relevant Dealer(s) and the Fiscal Agent (if applicable). Words and expressions defined in “Form of the Notes”, “General Terms for the Credit-Linked Notes” and the “Terms and Conditions of the Notes” shall have the same meaning in this overview:

Issuers: Mediobanca - Banca di Credito Finanziario S.p.A. and Mediobanca International (Luxembourg) S.A.

Mediobanca - Banca di Credito Finanziario S.p.A.: Mediobanca was established in 1946 as a medium-term credit granting institution in Italy. In 1956 Mediobanca’s shares were admitted to the Italian Stock Exchange and since then its business has expanded both nationally and internationally.

Mediobanca is registered at the Companies’ Registry of the Chamber of Commerce of Milan, Italy under registration number 00714490158. Mediobanca’s registered office is at Piazzetta E. Cuccia 1, Milan, Italy, telephone number (+39) 0288291.

Mediobanca holds a banking licence from the Bank of Italy authorising it to carry on all permitted types of banking activities in Italy.

Mediobanca is a bank organised and existing under the laws of Italy, carrying out a wide range of banking, financial and related activities throughout Italy.

At the date hereof, Mediobanca’s issued share capital totals Euro 409,549,082.50, represented by 819,098,165 registered shares of nominal value Euro 0.50.

The Management Board of Mediobanca is responsible for the ordinary and extraordinary management of Mediobanca.

Mediobanca International (Luxembourg) S.A.: Mediobanca International has the form of a *société anonyme* subject to Luxembourg law and has its place of registration in Luxembourg. On 15 December 2005 the Luxembourg Minister of the Treasury and the Budget, on the recommendation of the CSSF, granted Mediobanca International a full banking licence pursuant to which its operations include raising funds in the international markets and lending, consistent with Mediobanca International’s articles of association approved by the shareholders in the general meeting held on 21 December 2005.

Mediobanca International is registered at the Luxembourg trade and companies registry under registration number B 112885. Mediobanca International’s registered office is at 14 Boulevard Roosevelt L-2450 Luxembourg, Luxembourg.

At the date hereof, Mediobanca International’s issued and authorised share capital totals Euro 10,000,000 represented by 1,000,000 registered shares of Euro 10 par value.

The Board of Directors of Mediobanca International is responsible for setting authorisation levels, defining organisational structure, defining the system of internal control and reviewing it on a regular basis, and approving the bank’s accounts and interim statements. Day-to-day management is entrusted to two managing directors.

Guarantor: Mediobanca - Banca di Credito Finanziario S.p.A. (with respect to Notes issued by Mediobanca International (Luxembourg) S.A.)

Description:	Euro Medium Term Note Programme.
Arranger:	Mediobanca Banca di Credito Finanziario S.p.A.
Dealers:	Mediobanca - Banca di Credito Finanziario S.p.A.; Banca Aletti & C.; Banca IMI; Barclays Bank PLC; Banco Bilbao Vizcaya Argentaria, S.A.; Bnp Paribas; Calyon Crédit Agricole Cib; Deutsche Bank; Mediobanca International (Luxembourg) S.A.; Santander Global Banking & Markets; Société Générale Corporate & Investment Banking; The Royal Bank Of Scotland; UBS Limited; and Unicredit (Hvb).
Fiscal Agent:	BNP Paribas Securities Services, Luxembourg Branch.
Size:	Up to Euro 40,000,000,000 (or the equivalent in other currencies at the date of each issue) aggregate principal amount of Notes outstanding at any one time.
Currencies:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency or currencies as the relevant Issuer, the Guarantor (where applicable), and the relevant Dealer so agree.
Maturities/Final Redemption:	<p>Any maturity subject to compliance with all relevant laws, regulations and directives. Unless previously redeemed, purchased and cancelled as provided in accordance with Condition 5(f) (<i>Redemption at the option of the Issuer</i>) or (h) (<i>Redemption at the option of holders of Notes</i>) or unless its maturity is extended pursuant to an option of the Issuer or holders of Notes and subject to Condition 5(g) (<i>Redemption and purchase of Subordinated Notes</i>), each Note will be redeemed at its Final Redemption Amount on the Maturity Date.</p> <p>Any Notes in respect of which the issue proceeds are received by the relevant Issuer in the United Kingdom and which have a maturity of less than one year from the date of issue must (a) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses or (b) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 by the relevant Issuer.</p> <p>Under applicable laws and regulations at the date of this Base Prospectus: (i) Upper Tier II Subordinated Notes may be perpetual (<i>passività irredimibili</i>) or with a fixed Maturity Period of ten years or longer (<i>altri strumenti rimborsabili</i>); (ii) Lower Tier II Subordinated Notes shall have a minimum Maturity Period of five years; and (iii) Tier III Subordinated Notes shall have a minimum Maturity Period of two years, in each case as provided under the Bank of Italy Regulations. Where Lower Tier II Subordinated Notes or Tier III Subordinated Notes have an indefinite Maturity Period, Lower Tier II Subordinated Notes may be redeemable only after five years' prior notice to Noteholders subject to Bank of Italy prior authorisation and Tier III Subordinated Notes may be redeemable only after two years' prior notice to Noteholders subject to Bank of Italy prior authorisation, when required.</p>
Denomination:	Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or where the Notes are denominated in a currency other than euro, the equivalent amount in such other currency).

Method of Issue:	The Notes may be issued on a syndicated or non-syndicated basis. The Notes will be issued in one or more Series (which may be issued on the same date or which may be issued in more than one Tranche on different dates). The Notes may be issued in Tranches on a continuous basis with no minimum issue size, subject to compliance with all applicable laws, regulations and directives. Further Notes may be issued as part of an existing Series.
Consolidation:	Notes of one series may be consolidated with Notes of another Series, all as described in Condition 12 (<i>Further Issues and Consolidation</i>).
Final Terms or Drawdown Prospectus:	<p>Notes issued under the Programme may be issued either (i) pursuant to this Base Prospectus and the relevant Final Terms or (ii) pursuant to a Drawdown Prospectus. The terms and conditions applicable to any particular Tranche of Notes are the Terms and Conditions of the Notes as supplemented, amended and/or replaced by the relevant Final Terms or, as the case may be, the relevant Drawdown Prospectus.</p> <p>References in this General Description of the Euro 40,000,000,000 Euro Medium Term Note Programme to the “Final Terms” shall, where applicable, be read as references to the Drawdown Prospectus.</p>
Form of Notes:	<p>The Notes may be issued in bearer form only. The relevant Final Terms will specify whether each Global Note is to be issued in New Global Note or in Classic Global Note form. Each Tranche of Notes will initially be represented by a Temporary Global Note or a Permanent Global Note which, in each case, will be deposited on or around the Issue Date: (a) in the case of Notes intended to be issued in Classic Global Note form, with a common depository on behalf of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and (b) in the case of Notes intended to be issued in New Global Note form, with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. No interest will be payable in respect of a Temporary Global Note except as described under “Summary of Provisions Relating to the Notes while in Global Form”.</p> <p>Interests in Temporary Global Notes will be exchangeable for interests in Permanent Global Notes or, if so stated in the relevant Final Terms for Definitive Notes after the date falling 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership. If specified in the relevant Final Terms, interests in Permanent Global Notes will be exchangeable for definitive Notes as described under “Summary of Provisions Relating to the Notes while in Global Form”. Definitive Notes will, if interest-bearing, have interest Coupons attached and, if appropriate, a Talon for further Coupons and will, if the principal thereof is repayable by instalments, have payment Receipts attached.</p>
Issue Price:	Issue Price will be specified in the Final Terms. Notes may be issued at their principal amount or at a discount or premium to their principal amount. Partly-paid Notes may also be issued, the Issue Price of which will be payable in two or more instalments.
Fixed Rate Notes:	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
Floating Rate Notes:	<p>Floating Rate Notes will bear interest set separately for each Series by reference to the benchmark as may be specified in the relevant Final Terms as adjusted for any applicable margin.</p> <p>Interest periods will be specified in the relevant Final Terms.</p>
Zero Coupon Notes:	Zero Coupon Notes may be issued at their principal amount or at a discount or a premium to it and will not bear interest.

Index-Linked Interest Notes or other Variable-Linked Interest Notes:	The Final Terms issued in respect of each issue of Index-Linked Interest Notes or other Notes bearing interest linked to a formula or other variable will specify the basis for calculating the amounts of interest payable, which may be by reference to an index or formula or as otherwise provided in the relevant Final Terms.
Credit-Linked Notes:	<p>Payments of principal and/or interest (if any) in respect of Credit-Linked Notes, which may be issued by any Issuer, will depend on whether or not a specified “Credit Event” occurs in respect of one or more specified “Reference Entities” and/or the obligations of any of such Reference Entities. Following the occurrence of a Credit Event, Credit-Linked Notes may either be cash settled or physically settled by delivery of bonds or other qualifying obligations of the defaulted Reference Entity, as indicated in the relevant Final Terms.</p> <p>Drawdowns of this product include: Single Name Credit-Linked Notes (where Noteholders take the credit risk of a single named Reference Entity), Basket Credit-Linked Notes (where Noteholders take the credit risk in respect of two or more Reference Entities in a basket of Reference Entities), First-to-Default Credit-Linked Notes (where Noteholders take the credit risk of the first to default among a basket of Reference Entities) and Nth-to-Default Credit-Linked Notes (where Noteholders take the credit risk of the Nth to default among a basket of Reference Entities). Other types of Credit-Linked Notes may be issued as set out in the relevant Final Terms. See “General Terms for Credit-Linked Notes” in this Base Prospectus for the terms and conditions applicable to Credit-Linked Notes issued under the Programme. The specific terms and conditions applicable to a particular issue of Credit-Linked Notes will be set out in the relevant Final Terms.</p>
Extendible Notes:	The Final Terms will set out the manner in which the holders of Extendible Notes may exercise their option to extend the Maturity Period of such Notes.
Other Notes:	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, dual currency Notes, reverse dual currency Notes, optional dual currency Notes, partly-paid Notes, variable rate Notes, inverse floating rate Notes and any other type of Notes which the relevant Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms.
Interest Periods and Interest Rates:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.
Redemption Amount:	Notes may be redeemable at par or at such other Redemption Amount as may be specified in the relevant Final Terms, including a Redemption Amount calculated by reference to an index, formula or other variable. The Final Terms issued in respect of each issue of Notes subject to a variable redemption amount will specify the basis for calculating the redemption amounts payable, which may be by reference to an index, formula or other variable.
Redemption by Instalments:	The Final Terms issued in respect of each issue of Notes which are redeemable in two or more instalments will set out the date on which, and the amounts in which, such Notes may be redeemed.
Status of the Notes:	Notes may be issued by Mediobanca on a subordinated or unsubordinated basis, as specified in the relevant Final Terms. Notes issued by Mediobanca International may only be issued on an unsubordinated basis.

(i) Status of the Senior Notes:

The Senior Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the relevant Issuer and will rank at all times at least *pari passu* without any preference among themselves and equally with all other present and future unsecured and unsubordinated obligations of the relevant Issuer, save for certain mandatory exceptions of applicable law. See Condition 2(b) (*Status of Senior Notes*).

(ii) Status of the Subordinated Notes:

Subordinated Notes (Upper Tier II Subordinated Notes, Lower Tier II Subordinated Notes and Tier III Subordinated Notes, as the case may be) constitute direct, unsecured and subordinated obligations of Mediobanca, all as described in Condition 3 (*Status and Special Provisions of Subordinated Notes*) and the relevant Final Terms.

In the event of a winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) of Mediobanca, the payment obligations of Mediobanca under each Series of Subordinated Notes, and the relative Coupons as the case may be, will rank in right of payment (A) after unsubordinated creditors (including depositors and any holder of Senior Notes and their respective Coupons) of Mediobanca but (B) at least *pari passu* with all other subordinated obligations of Mediobanca which do not rank or are not expressed by their terms to rank junior or senior to such Series of Subordinated Notes and (C) in priority to the claims of shareholders of Mediobanca. Lower Tier II Subordinated Notes and Tier III Subordinated Notes rank *pari passu* amongst themselves and rank senior to Upper Tier II Subordinated Notes, all as described in Condition 3 (*Status and Special Provisions of Subordinated Notes*).

Guarantee:

Under the Deed of Guarantee, and in accordance with the terms and subject to the limitations thereof, Mediobanca unconditionally and irrevocably guarantees payment of all amounts due in respect of Notes issued by Mediobanca International. See also Condition 2(c) (*Status of Guarantee*).

Status of the Guarantee:

The payment obligations of the Guarantor under the Deed of Guarantee constitute – in accordance with the terms and subject to the limitations thereof – direct, unconditional, unsubordinated and unsecured obligations of the Guarantor which will rank at all times at least *pari passu* without any preference among themselves and equally with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for certain mandatory exceptions of applicable law. See also Condition 2(c) (*Status of Guarantee*). In particular, pursuant to the Deed of Guarantee, to the extent the Guarantor is incorporated in the Republic of Italy and to the extent under the applicable law in force at the relevant time a cap to the maximum amount to be guaranteed is required, the Guarantor shall only be liable up to an amount which is the aggregate of 110 per cent. of the aggregate principal amount of any Tranche of the Notes (in each case as specified in the applicable Final Terms) and 110 per cent. of the interest on such Notes accrued but not paid as at any date on which the Guarantor's liability falls to be determined. In addition, pursuant to the Deed of Guarantee, the Guarantor has also undertaken to issue an additional guarantee in an amount equal to any liability exceeding the maximum amount mentioned above in relation to any Tranche, including any Tranche of index-, commodity-, credit or currency-linked Notes.

Loss Absorption on Upper Tier II Subordinated Notes:	To the extent that Mediobanca at any time suffers losses which, in accordance with Articles 2446 and 2447 of the Italian Civil Code or otherwise in accordance with Italian laws and regulations, would require it to reduce its paid up share capital and reserves to below its Minimum Capital, the obligations of Mediobanca in respect of interest and principal under Upper Tier II Subordinated Notes will be reduced to the extent necessary to enable Mediobanca, in accordance with the requirements of Italian legal and regulatory provisions, to maintain at least its Minimum Capital. The obligations of Mediobanca in respect of interest and principal due under Upper Tier II Subordinated Notes which are so reduced will be subject to reinstatement in certain circumstances. See Condition 3 (<i>Status and Special Provisions of Subordinated Notes</i>).
Deferral of Interest on Upper Tier II Subordinated Notes:	Mediobanca will not be required to pay interest on the Upper Tier II Subordinated Notes on an Interest Payment Date if: (A) no annual dividend has been approved, paid or set aside for payment by a shareholders' meeting of Mediobanca or paid in respect of any class of shares during the 12-month period ending on, but excluding, the fifteenth Business Day immediately preceding such Interest Payment Date; or (B) the Management Board of Mediobanca has announced, at the time of publication of any interim accounts published during the six-month period ending on, but excluding, the fifteenth Business Day immediately preceding such Interest Payment Date that, based on such interim accounts, no sums are available at such time in accordance with Italian law for the payment of interim dividends, in accordance with Article 2433-bis of the Italian Civil Code. The obligations of Mediobanca in respect of interest due under the Upper Tier II Subordinated Notes which are so deferred will be subject to reinstatement in certain circumstances. See Condition 3 (<i>Status and Special Provisions relating to Subordinated Notes</i>).
Tier III Subordinated Notes:	Tier III Subordinated Notes shall be subject to the same restrictions provided in respect of similar indebtedness qualifying as Upper Tier II Subordinated Notes or Lower Tier II Subordinated Notes except that any Tier III Subordinated Notes are subject to (i) a different minimum Maturity Period as specified in the relevant Final Terms and (ii) a lock-in clause pursuant to which payments of interest or repayment of principal shall be suspended during the period in which such payments or repayments would reduce the total amount of the assets (<i>ammontare complessivo dei fondi patrimoniali</i>) of Mediobanca below the aggregate of the capital requirements (<i>complesso dei requisiti patrimoniali</i>) of Mediobanca, as provided under the Bank of Italy Regulations. Interest shall not accrue on any repayments of principal or payments of interest suspended as described above. See Condition 3 (<i>Status and Special Provisions of Subordinated Notes</i>).
Cross Default:	The Senior Notes will contain a cross default in respect of indebtedness for borrowed money of the relevant Issuer and, where applicable, the Guarantor, as more fully set out in Condition 9(a) (<i>Events of Default of Senior Notes</i>).
Optional Redemption:	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed before their stated maturity at the option of the relevant Issuer (either in whole or in part) and/or the Noteholders, and if so the terms applicable to such redemption and subject to all relevant legal and regulatory requirements . If the Notes are Subordinated Notes, unless otherwise permitted by current laws, regulations, directives, and/or the Bank of Italy's requirements applicable to the issue of Subordinated Notes by Mediobanca, the Optional Redemption Date shall not be earlier than (i) in the case of Upper Tier II Subordinated Notes, ten years after the Issue Date, (ii) in the case of Lower

Tier II Subordinated Notes, five years after the Issue Date and (iii) in the case of Tier III Subordinated Notes, two years after the Issue Date, subject to the Bank of Italy prior authorisation when required.

Tax Redemption:	The relevant Final Terms will specify whether early redemption will be permitted for tax reasons as described in Condition 5(c) (<i>Redemption for taxation reasons</i>).
Taxation:	<p>All payments in respect of Notes, Receipts and Coupons by the Issuer or (as the case may be) the Guarantor under the Deed of Guarantee will be made without withholding or deduction for, or on account of, any taxes imposed by the Grand Duchy of Luxembourg or the Republic of Italy, as the case may be, unless such withholding or deduction is required by law. In that event, the Issuer or (as the case may be) the Guarantor will (save as provided in Condition 7 (<i>Taxation</i>)) pay such additional amounts as will result in the holders of Notes, Receipts or Coupons receiving such amounts as they would have received in respect to Notes, Receipts or Coupons had no such withholding or deduction been required.</p> <p>However, as more fully set out in Condition 7 (<i>Taxation</i>), neither the Issuer nor (as the case may be) the Guarantor will be liable to pay any additional amounts to holders of Notes, Receipts or Coupons in relation to any payment on any Note, Receipt or Coupon with respect to any withholding or deduction for or on account of, <i>inter alia</i>, (i) substitute tax (<i>imposta sostitutiva</i>) pursuant to Italian Legislative Decree No. 239 of 1st April 1996; (ii) withholding tax on Notes issued by Mediobanca with an original maturity of less than 18 months, pursuant to Italian Presidential Decree 29 September 1973, No. 600; and (iii) withholding tax on Notes qualifying as atypical securities (<i>titoli atipici</i>) for Italian tax purposes, pursuant to Italian Law Decree 30 September 1983, No. 512.</p>
Rating:	The rating of the Notes, if any, to be issued under the Programme will be specified in the applicable Final Terms.
Governing Law:	The Notes and all related contractual documentation will be governed by, and construed in accordance with, English law, except for certain provisions relating to Subordinated Notes, which will be governed by Italian law, as more fully set out in Condition 15(a) (<i>Governing Law</i>).
Listing and Admission to Trading:	<p>Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made for Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List.</p> <p>Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets as may be agreed between the relevant Issuer, the Guarantor (where applicable) and the relevant Dealer in relation to the relevant Series. Notes which are neither listed nor admitted to trading on any market may also be issued.</p> <p>The CSSF may, at the request of either Issuer, send to the competent authority of another European Economic Area Member State (i) a copy of this Base Prospectus; (ii) an Attestation Certificate in accordance with Article 18(i) of the Prospectus Directive; and (iii) if so required by such competent authority, a translation of this Summary.</p> <p>Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche of Notes will be set out in the Final Terms which, with respect to Notes to be listed on the Luxembourg Stock Exchange, will be delivered to the Luxembourg Stock Exchange.</p>

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Selling Restrictions:

See “Plan of Distribution”.

In connection with the offering and sale of a particular Tranche of Notes, additional selling restrictions may be imposed which will be set out in the relevant Final Terms.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Final Terms, will be endorsed on each Note in final form issued under the Programme. The terms and conditions applicable to any Notes in global form will differ from those terms and conditions which would apply to the Notes whilst in final form to the extent described under “Summary of Provisions relating to the Notes while in Global Form” below.

Mediobanca - Banca di Credito Finanziario S.p.A. (“**Mediobanca**”), Mediobanca International (Luxembourg) S.A. (“**Mediobanca International**”) (each, an “**Issuer**” and, together, the “**Issuers**”) have established a Euro Medium Note Programme (the “**Programme**”) for the issuance of up to Euro 40,000,000,000 in aggregate principal amount of notes (the “**Notes**”), guaranteed by Mediobanca (in its capacity as guarantor, the “**Guarantor**”) in respect of Notes issued by Mediobanca International.

The Notes are issued pursuant to an amended and restated Issue and Paying Agency Agreement dated 12 December 2008, as amended or supplemented from time to time, (the “**Issue and Paying Agency Agreement**”) between the Issuers and the Guarantor, BNP Paribas Securities Services, Luxembourg Branch, as fiscal agent (the “**Fiscal Agent**”) and principal paying agent (together with the Fiscal Agent and any additional or other paying agents in respect of the Notes from time to time appointed, the “**Paying Agent**”) and with the benefit of deeds of covenant dated 12 December 2008 (each, a “**Deed of Covenant**” and, together, the “**Deeds of Covenant**”), each of them executed by the relevant Issuer in respect of Notes issued by such Issuer. The Guarantor has, for the benefit of the holders of Notes issued by Mediobanca International from time to time, executed and delivered a deed of guarantee (the “**Deed of Guarantee**”) dated 12 December 2008 under which it has guaranteed, in accordance with the terms and subject to limitations of the Deed of Guarantee, the due and punctual payment of the amounts due by Mediobanca International under the Notes and the Deed of Covenant as and when the same shall become due and payable (the “**Guarantee of the Notes**”). The holders of the Notes (as defined below), the holders of the interest coupons (the “**Coupons**”) appertaining to interest bearing Notes and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) and the holders of the instalment receipts (the “**Receipts**”) appertaining to the payment of principal by instalments are deemed to have notice of all of the provisions of the Issue and Paying Agency Agreement applicable to them.

Notes issued under the Programme are issued in series (each a “**Series**”) and each Series may comprise one or more tranches (each a “**Tranche**”) of Notes. Each Tranche is the subject of final terms (the “**Final Terms**”) which supplements these terms and conditions (the “**Conditions**”). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail. All subsequent references in these Conditions to “**Notes**” are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available during normal business hours at the specified office of the Fiscal Agent, the initial Specified Office of which is set out below (the “**Specified Office**”). Certain provisions of these Conditions are summaries of the Issue and Paying Agency Agreement and are subject to their detailed provisions.

The Final Terms issued in respect of each issue of Notes will specify whether the Issuer is Mediobanca or Mediobanca International. In these Conditions, any reference to a statute or regulation shall be construed as a reference to such statute or regulation as the same may have been, or may from time to time be, amended or re-enacted.

Copies of the Issue and Paying Agency Agreement, the Deeds of Covenant and the Deed of Guarantee are available for inspection at the specified office of the Paying Agent.

1. FORM, DENOMINATION AND TITLE

The Notes are issued in bearer form in the Denomination(s) and in the Relevant Currency shown in the Final Terms.

Notes are issued with Coupons (and where appropriate, a Talon) attached save in the case of Notes which do not bear interest in which case references to interest (other than in relation to interest due after the date specified in the Final Terms as the Maturity Date (as designed below), Coupons and Talons in these Conditions are not applicable. Any Note the principal amount of which is redeemable in instalments is issued with one or more Receipts attached.

Title to the Note and the Receipts, Coupons and Talons shall pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Receipt, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Receipt, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

In these Conditions, “**holder**” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Note, Receipt, Coupon or Talon. All capitalised terms which are not defined in these Conditions will have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes. Those definitions will be endorsed on the definitive Notes.

2. STATUS OF SENIOR NOTES AND GUARANTEE

(a) *Application*

This Condition 2 (*Status of Senior Notes and Guarantee*) is applicable only to Notes specified in the Final Terms as being unsubordinated (“**Senior Notes**”) and Condition 2(c) (*Status of Guarantee*) is applicable only to Senior Notes issued by Mediobanca International.

(b) *Status of Senior Notes*

The Senior Notes will constitute direct unconditional, unsubordinated and unsecured obligations of the Issuer and will rank at all times at least *pari passu* without any preference among themselves and equally with all other present and future unsecured and unsubordinated obligations of the Issuer, save for certain mandatory exceptions of applicable law.

(c) *Status of Guarantee*

The Guarantee of the Notes constitutes direct, unconditional, unsubordinated and unsecured obligations of the Guarantor pursuant to the terms and conditions and subject to the limitations set out in the Deed of Guarantee which will rank at all times at least *pari passu* without any preference among themselves and equally with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for certain mandatory exceptions of applicable law.

3. STATUS AND SPECIAL PROVISIONS OF SUBORDINATED NOTES

(a) *Application*: This Condition 3 (*Status and Special Provisions of Subordinated Notes*) is applicable only to Notes which are:

- (i) issued by Mediobanca; and
- (ii) specified as being Upper Tier II Subordinated Notes, Lower Tier II Subordinated Notes or Tier III Subordinated Notes in the relevant Final Terms (together, “**Subordinated Notes**”).

(b) *Definitions*: In these Conditions, the following expressions have the meanings set out below.

“**Bank of Italy**” means the Bank of Italy and/or any competent authority which at a future date carries out the functions which the Bank of Italy performs as at the Issue Date.

“**Bank of Italy Regulations**” means the *Nuove disposizioni di vigilanza prudenziale per le banche* as in force from time to time or such successor regulations as may be in force from time to time.

“**Consolidated Banking Law**” means Italian Legislative Decree No. 385 of 1 September 1993, as amended or supplemented from time to time.

“**Liquidazione Coatta Amministrativa**” means *Liquidazione Coatta Amministrativa* as described in Articles 80 to 94 of the Consolidated Banking Law.

“**Lower Tier II Subordinated Notes**” means *passività subordinate*, as defined in Title I, Chapter 2, Section II, paragraph 4.2 of the Bank of Italy Regulations (being those Notes which are specified in the relevant Final Terms as being Lower Tier II Subordinated Notes).

“**Minimum Capital**” means the minimum amount of capital of Mediobanca, as provided for by the Bank of Italy from time to time for the purposes of obtaining or maintaining the authorisation of the

Bank of Italy to carry on banking activities (*livello minimo di capitale previsto per l'autorizzazione all'attività bancaria*), as determined by the external auditors of Mediobanca and certified in writing by two directors of Mediobanca.

“**Tier III Subordinated Notes**” means *prestiti subordinati di 3° livello*, as defined in Title I, Chapter 2, Section II, paragraph 1.5 of the Bank of Italy Regulations (being those Notes which are specified in the relevant Final Terms as being Tier III Subordinated Notes).

“**Upper Tier II Subordinated Notes**” means *strumenti ibridi di patrimonializzazione* as defined in Title I, Chapter 2, Section II, paragraph 4.1 of the Bank of Italy Regulations (being those Notes which are specified in the relevant Final Terms as being Upper Tier II Subordinated Notes).

- (c) *Status of Subordinated Notes*: Subordinated Notes and any related Coupons constitute direct, unsecured and subordinated obligations of Mediobanca and, subject to the provisions of this Condition 3, will at all times rank *pari passu* without any preference among themselves. In relation to each Series of Subordinated Notes, all Subordinated Notes of such Series will be treated equally and all amounts paid by Mediobanca in respect of principal and interest thereon will be paid *pro rata* on all Subordinated Notes of such Series.
- (d) *Winding up, etc.*: In the event of the winding up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*) of Mediobanca, the payment obligations of Mediobanca under each Series of Subordinated Notes, and the relative Coupons as the case may be, will rank in right of payment (A) after unsubordinated creditors (including depositors and any holder of Senior Notes and their respective Coupons) of Mediobanca but (B) at least *pari passu* with all other subordinated obligations of Mediobanca which do not rank or are not expressed by their terms to rank junior or senior to such Series of Subordinated Note and (C) in priority to the claims of shareholders of Mediobanca. Lower Tier II Subordinated Notes and Tier III Subordinated Notes rank *pari passu* amongst themselves and rank senior to Upper Tier II Subordinated Notes.
- (e) *Waiver*: Each holder of a Subordinated Note is deemed unconditionally and irrevocably to have waived any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Subordinated Note.
- (f) *Loss absorption in respect of Upper Tier II Subordinated Notes*: To the extent that Mediobanca at any time suffers losses which, in accordance with Articles 2446 and 2447 of the Italian Civil Code or otherwise in accordance with Italian laws and regulations, would require it to reduce its paid up share capital and reserves to below its Minimum Capital, the obligations of Mediobanca in respect of interest and principal under Upper Tier II Subordinated Notes will be reduced to the extent necessary to enable it, in accordance with the requirements under Italian law and regulatory provisions, to maintain at least its Minimum Capital. The obligations of Mediobanca in respect of interest and principal due under Upper Tier II Subordinated Notes which are so reduced will be reinstated whether or not the Maturity Date of the relevant obligation has occurred:
 - (i) in whole, in the event of bankruptcy, dissolution, liquidation or winding-up of Mediobanca (including, *inter alia*, *Liquidazione Coatta Amministrativa*, *amministrazione straordinaria* or *liquidazione volontaria* or any other similar liquidation, bankruptcy or winding-up proceedings otherwise in accordance with any applicable Italian laws and regulations) and, with effect immediately prior to the commencement of such bankruptcy, dissolution, liquidation or winding up as if such obligations of Mediobanca had not been so reduced in accordance with this Condition 3(f); and
 - (ii) in whole or in part, from time to time, to the extent that Mediobanca, by reason of its having made profits or by reason of its obtaining new capital contributions or by reason of the occurrence of any other event would not be required to reduce its obligations in respect of interest and principal in accordance with this Condition 3(f).

Mediobanca shall forthwith give notice of any such reduction and/or reinstatement to the Noteholders in accordance with Condition 13 (*Notices*).

- (g) *Deferral of interest on Upper Tier II Subordinated Notes*: Mediobanca will not be required to pay interest on Upper Tier II Subordinated Notes on an Interest Payment Date if (i) no annual dividend has been approved, paid or set aside for payment by its shareholders' meeting or paid in respect of any class of its shares during the 12-month period ending on, but excluding, the fifteenth Business Day immediately preceding such Interest Payment Date or (ii) the Management

Board of Mediobanca has announced, at the time of the release of any interim accounts published during the six-month period ending on, but excluding, the fifteenth Business Day immediately preceding such Interest Payment Date that, based on such interim accounts, no sums are available at such time for the payment of interim dividends, in accordance with Article 2433-bis of the Italian Civil Code.

Any such unpaid amounts of interest will constitute arrears of interest which will bear interest at the rate applicable to the relevant Upper Tier II Subordinated Notes. Arrears of interest (together with any additional interest amount in respect of such arrears of interest) will become due and payable (i) in part *pari passu* and *pro rata* if and to the extent that Mediobanca makes payments of or in respect of amounts of interest on or in relation to any other *pari passu* claims, and (ii) in full on the earliest to occur of: (A) the Interest Payment Date falling on or after the date on which a dividend is approved or paid on any class of shares of Mediobanca; (B) the date for repayment of the Upper Tier II Subordinated Notes; or (C) the date on which the *Liquidazione Coatta Amministrativa* of Mediobanca is commenced pursuant to Article 83 of the Consolidated Banking Law or on which Mediobanca becomes subject to a liquidation order.

- (h) *Notice of interest deferral*: Mediobanca shall give not more than 25 nor less than 15 days prior notice to the Paying Agents and to the holders of Notes in accordance with Condition 13 (*Notices*):
- (i) of any Interest Payment Date on which, pursuant to the provisions of Condition 3(g) (*Deferral of interest on Upper Tier II Subordinated Notes*) above, interest will not be paid;
 - (ii) of any date upon which amounts in respect of arrears of interest shall become due and payable;
 - (iii) of (1) the amount of principal and of sums which would otherwise have been payable as interest in respect of the Notes and which, having been applied to meet the losses of Mediobanca pursuant to Condition 3(f) (*Loss Absorption in respect of Upper Tier II Subordinated Notes*), are to be reinstated as provided herein, (2) the date of such reinstatement and the date on which the relevant amount shall become due and payable in accordance with these Conditions and (3) details of the event giving rise to such reinstatement.

The information contained in any notice given in accordance with this Condition 3(h) will be available at the specified office of the Fiscal Agent from the date of the relevant notice.

- (i) *Restrictions relating to Tier III Subordinated Notes*: Tier III Subordinated Notes shall be subject to the same restrictions provided for in respect of similar indebtedness qualifying as Upper Tier II Subordinated Notes or Lower Tier II Subordinated Notes except that Tier III Subordinated Notes shall be subject to (i) a different minimum Maturity Period as specified in the relevant Final Terms and (ii) a lock-in clause pursuant to which payments of interest and repayments of principal shall be suspended during the period (the “**Suspension Period**”) in which such payments or repayments would reduce the total amount of the assets (*ammontare complessivo dei fondi patrimoniali*) of Mediobanca below the aggregate of the capital requirements (*complesso dei requisiti patrimoniali*) of Mediobanca, as provided under the Bank of Italy Regulations and, for the avoidance of doubt, interest shall not accrue on any repayments of principal or payments of interest suspended during the Suspension Period. See “Summary of the Programme”.

4. INTEREST AND OTHER CALCULATIONS

(a) *Definitions*

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below.

“**Accrual Yield**” has the meaning given in the relevant Final Terms.

“**Additional Business Centre(s)**” means the city or cities specified as such in the relevant Final Terms.

“**Business Day**” means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and

- (ii) in relation to any sum payable in a currency other than euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre.

“**Calculation Agent**” means Mediobanca - Banca di Credito Finanziario S.p.A., the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Interest Rate(s) and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms.

“**Calculation Amount**” has the meaning given to it in the relevant Final Terms.

“**Day Count Fraction**” means, in respect of the calculation of an amount for any period of time (the “**Calculation Period**”), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (a) if “**1/1**” is specified, 1;
- (b) if “**Actual/Actual**” or “**Actual/Actual (ISDA)**” is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if “**Actual/Actual (ICMA)**” is so specified, means:
- (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
- (ii) where the Calculation Period is longer than one Regular Period, the sum of:
- (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
- (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (d) if “**Actual/365 (Fixed)**” is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365;
- (e) if “**Actual/360**” is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 360;
- (f) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30; and

(g) if “**30E/360**” or “**Eurobond Basis**” is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30; and

(h) if “**30E/360 (ISDA)**” is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Termination Date or (ii) such number would be 31, in which case D2 will be 30.

“**Fixed Coupon Amount**” has the meaning given to it in the relevant Final Terms.

“**Interest Amount**” means, in relation to a Note and Interest Period, the amount of interest payable in respect of the Note for that Interest Period.

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified in the relevant Final Terms.

“Interest Determination Date” has the meaning given to it in the Relevant Final Terms.

“Interest Payment Date” means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms, as the same may be adjusted in accordance with the relevant Business Day Convention.

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

“Interest Rate” means the rate of interest (expressed as a percentage per annum) payable from time to time in respect of this Note and which is either specified, or calculated in accordance with the provisions, in the relevant Final Terms.

“ISDA Definitions” means the 2006 ISDA Definitions as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc., a copy of which is available on the website of the International Swaps and Derivatives Association, Inc. (www.isda.org).

“Issue Date” has the meaning given in the relevant Final Terms.

“Issue Price” has the meaning given in the relevant Final Terms.

“Margin” has the meaning given in the relevant Final Terms.

“Payment Business Day” means:

- (i) if the currency of payment is euro, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euro, any day which is:
 - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

“Principal Financial Centre” means, in relation to any currency, the principal financial centre for that currency provided, however, that:

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland, in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent.

“Reference Banks” means, the institutions specified as such in the relevant Final Terms or, if none, four (or, if the Relevant Financial Centre is Helsinki, five) major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate.

“Reference Price” has the meaning given in the relevant Final Terms.

“Reference Rate” has the meaning given in the relevant Final Terms.

“Regular Period” means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “**Regular Date**” means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

“**Relevant Currency**” means the currency specified as such in the relevant Final Terms or, if none is specified, the currency in which the Notes are denominated.

“**Relevant Financial Centre**” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the financial centre as may be specified as such in the relevant Final Terms or, if none is so specified, the financial centre with which the relevant Reference Rate is most closely connected or, if none is so connected, London.

“**Relevant Screen Page**” means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters) as may be specified as the Relevant Screen Page in the relevant Final Terms for the purpose of providing a Reference Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Reference Rate.

“**Relevant Time**” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Final Terms or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the relevant currency in the interbank market in the Relevant Financial Centre *provided that* if the Relevant Currency is Euro and the Benchmark is EURIBOR, the Relevant Time shall be 11.00 am Brussels time.

“**Specified Currency**” has the meaning, if any, given in the relevant Final Terms.

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

“**TARGET Settlement Day**” means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET or TARGET2) is open.

(b) *Interest Rate and Accrual*

Each Note bears interest on its outstanding principal amount from the Interest Commencement Date at the Interest Rate, such interest being payable in arrear on each interest payment date (each, an “**Interest Payment Date**”).

Interest will cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the Interest Rate in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7 (*Taxation*)).

(c) *Business Day Convention*

If any date referred to in these Conditions which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is (i) the Following Business Day Convention, such date shall be postponed to the next day which is a Business Day, (ii) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (iii) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(d) *Interest Rate on Fixed Rate Notes*

If the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable, the amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Denomination. The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Interest Rate to the Calculation Amount of such Note, multiplying the product by the relevant Day Count Fraction (not adjusted in accordance with the Business Day Convention) and rounding the resulting figure in accordance with Condition 4(h) (*Rounding*). Where the Specified Denomination of a Fixed Rate Note comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

(e) *Interest Rate on Floating Rate Notes*

If the Floating Rate Note Provisions are specified in the Final Terms as being applicable, the Interest Rate for each Interest Period will be determined by the Calculation Agent on the following basis:

- (i) *Screen Rate Determination*: if Screen Rate Denomination is specified in the relevant Final Terms as the manner in which the Interest Rate is to be determined, as follow:
- (A) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (B) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (C) if, in the case of (A) above, such rate does not appear on that page or, in the case of (B) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
 - (1) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (2) determine the arithmetic mean of such quotations; and
 - (D) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Relevant Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time, and the Interest Rate for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; *provided, however, that* if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Interest Rate applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.
- (ii) *ISDA Determination*: If ISDA Determination is specified in the relevant Final Terms as the manner in which the Interest Rate(s) is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “**ISDA Rate**” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (A) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
 - (B) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
 - (C) the relevant Reset Date (as defined in the ISDA Definitions) is either (1) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (2) in any other case, as specified in the relevant Final Terms.
- (f) *Index-Linked Interest or other Variable-Linked Interest:* If the Index-Linked Interest or other Variable-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable, the Interest Rate(s) applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Final Terms.
- (g) *Maximum/Minimum Interest Rates, Instalment Amounts and Redemption Amounts*

If any Maximum or Minimum Interest Rate, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Interest Rate, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

- (h) *Rounding*

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (i) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (ii) all figures will be rounded to seven significant figures (with halves being rounded up) and (iii) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of Yen, which shall be rounded down to the nearest Yen. For these purposes “**unit**” means, with respect to any currency other than Euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to Euro, means one cent.

- (i) *Calculations*

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Interest Rate and the outstanding Calculation Amount by the Day Count Fraction, save that where an Interest Amount (or a formula for its calculation) is specified in respect of such period, the amount of interest payable in respect of such Note for such period will equal such Interest Amount (or be calculated in accordance with a formula). Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

- (j) *Determination and Publication of Interest Rates, Interest Amounts, Redemption Amounts and Instalment Amounts*

After the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount or Instalment Amount, obtain any quote or make any determination or calculation, it will, promptly, determine the Interest Rate and calculate the amount of interest payable (the “**Interest Amounts**”) on the principal amount of the Notes for the relevant Interest Period, calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, the Paying Agent, the holders of the Notes, any other Calculation Agent appointed in respect of the Notes which is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so requires, such exchange promptly after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of an Interest Rate and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. The Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9 (*Events of Default*), the accrued interest and the Interest

Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made. The determination of each Interest Rate, Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(k) *Calculation Agent and Reference Banks*

The Issuer will use its best endeavours to ensure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the Conditions applicable to the Notes and for so long as any Notes are outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer will appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for any Interest Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint the London office of a leading bank engaged in the London interbank market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(l) *Late payment on Zero Coupon Notes*

If the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable and the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) 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 (ii) the day which is seven days after the Fiscal Agent 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 calculation of the above amount shall be made (where such calculation is to be made for a period which is not a whole number of years) on the basis of such Day Count Fraction as may be specified in the relevant Final Terms for the purposes of this Condition 5(e) or, if none is so specified, a Day Count Fraction of 30E/360.

(m) *Dual Currency Note Provisions*

If the Dual Currency Note Provisions are specified in the relevant Final Terms as being applicable and the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

5. REDEMPTION, PURCHASE AND OPTIONS

(a) **Definitions**

In these Conditions, unless the context requires otherwise:

(i) *Redemption amount*

The expressions “**Early Redemption Amount (Tax)**”, “**Early Termination Amount**”, “**Final Redemption Amount**”, “**Instalment Amount**”, “**Optional Redemption Amount (Call)**”, and “**Optional Redemption Amount (Put)**” mean, in respect of any Note: (A) such amount as may be specified in, or determined in accordance with the relevant Final Terms; or (B) if no such amount is specified, the principal amount of such Note.

“**Redemption Amount**” means, as appropriate, the Final Redemption Amount, the Instalment Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the

Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms.

(ii) *Maturity date/period*

“**Maturity Date**” has the meaning given in the relevant Final Terms.

“**Maturity Period**” means the period from and including the Issue Date to but excluding the Maturity Date.

(b) **Maturities/Final Redemption**

Unless previously redeemed, purchased and cancelled as provided below in accordance with Condition 5(f) (*Redemption at the option of the Issuer*) or (h) (*Redemption at the option of holders of Notes*) or unless its maturity is extended pursuant to an option of the Issuer or holders of Notes and without prejudice of Condition 5(g) (*Redemption and purchase of Subordinated Notes*) relating to the redemption of Subordinated Notes, each Note will be redeemed at its Final Redemption Amount on the Maturity Date.

(c) **Redemption for taxation reasons**

If Redemption for taxation reasons is specified in the Final Terms as being applicable, the Notes may be redeemed at the option of the Issuer (but subject, in the case of Subordinated Notes, to the prior approval of the Bank of Italy) in whole, but not in part, on any Interest Payment Date or, if so specified in the relevant Final Terms, at any time, on giving not less than 30 nor more than 60 days’ notice to the holders of Notes (which notice shall be irrevocable), at their Early Redemption Amount (Tax) (together with interest accrued to the date fixed for redemption), if (i) based on an opinion of a nationally recognized law firm or other tax adviser in the relevant Taxing Jurisdiction (as appropriate) experienced in such matters, there is more than an unsubstantial risk that the Issuer (or, if the Guarantee of the Notes were called, the Guarantor) (A) has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) or (B) has or will become subject to more than a *de minimis* additional amount of national income taxes (and/or, in the case of Mediobanca, regional tax on productive activities - IRAP) due to partial or entire limitation to the deductibility of any payments under the Notes, in either case as a result of (1) any change in, or amendment to, the laws or regulations of Luxembourg or any political subdivision thereof or any agency or authority thereof or therein having power to tax (in the case of payments made by or on behalf of Mediobanca International) or the Republic of Italy or any political subdivision thereof or any agency or authority thereof or therein having power to tax (in the case of payments made by or on behalf of Mediobanca), or (2) any change in the application or official interpretation of such laws or regulations, or (3) any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) (for purposes of this definition, an “**Administrative Action**”), or (4) any clarification of, or change in the official position or the interpretation of such Administrative Action or any interpretation or pronouncement that provides for a position with respect to such Administrative Action that differs from the generally accepted position, in each case by any legislative body, court, governmental, administrative or regulatory authority or body, irrespective of the manner in which such clarification or change is made known, which change, amendment, Administrative Action or clarification becomes effective on or after the Issue Date, and (ii) such obligations/limitations under (A) and (B) above cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it which (x) do not require the Issuer (or the Guarantor, as the case may be) to incur material out-of-pocket expenses and (y) would not otherwise be disadvantageous to the Issuer or the Guarantor, as determined in their discretion; *provided that* in the case under (A) above no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then be due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by a director of the Issuer (or the Guarantor, as the case may be) stating that such Issuer (or the Guarantor, as the case may be) is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of such Issuer (or the Guarantor, as the case may be) so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that there is more than an unsubstantial risk that the Issuer (or the Guarantor, as the case may be) (A) has or will become obliged to pay such additional amounts or (B) has or will become subject to more than a *de minimis*

additional amount of taxes due to limitation of the deductibility of payments under the Notes as a result of such change, amendment, Administrative Action or clarification.

(d) **Purchases**

Subject to Condition 5(g) (*Redemption and purchase of Subordinated Notes*), the Issuer, the Guarantor and any of the Guarantor's subsidiaries may at any time purchase Notes in the open market or otherwise at any price provided that all unmatured Receipts and Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith. Without prejudice to the foregoing, if so specified in the relevant Final Terms the Issuer will be entitled to exercise the option to repurchase from the holder(s) all (but not part of) the Notes of the relevant Series (the “**Repurchase Option**”). The Repurchase Option can only be exercised by the Issuer at the date(s) and the price(s) specified in the relevant Final Terms as Repurchase Option date(s) and Repurchase Option amount(s) respectively. Upon exercise of the Repurchase Option, the holder(s) shall be obliged to sell to the Issuer (or any other entity indicated by the Issuer) all the Notes of the Series in relation to which the Repurchase Option is exercised.

(e) **Early Redemption of Zero Coupon Notes**

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

- (A) the Reference Price; and
- (B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the relevant Final Terms for the purposes of this Condition 5(e) or, if none is so specified, a Day Count Fraction of 30E/360.

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

If the Call Option is specified in the relevant Final Terms as being applicable, the Issuer may (subject in the case of Subordinated Notes to prior approval of the Bank of Italy), on giving irrevocable notice to the holders of Notes within the period specified in the relevant Final Terms redeem, or exercise the Issuer's option in relation to, all or, if so provided, some of the Notes in the principal amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Optional Redemption Amount (Call) together with interest accrued to the date fixed for redemption, unless otherwise specified in the relevant Final Terms.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option the notice to holders of Notes shall also contain the serial numbers of the Notes to be redeemed, which shall have been drawn in such place as the Fiscal Agent may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange requirements.

(g) **Redemption and purchase of Subordinated Notes**

(A) *Maturities*

Upper Tier II Subordinated Notes may be perpetual (*passività irredimibili*) or with a fixed Maturity Period of ten years or longer (*altri strumenti rimborsabili*). Lower Tier II Subordinated Notes shall have a minimum Maturity Periods of five years and Tier III Subordinated Notes shall have a minimum Maturity Period of two years, in each case as provided under the Bank of Italy Regulations.

(B) *Regulatory approval in case of redemption and/or early redemption*

Notwithstanding the foregoing provisions of this Condition 5, where required by the then applicable Bank of Italy Regulations, the redemption and/or early redemption of Subordinated Notes shall be subject to the prior approval of the Bank of Italy, such approval in respect of redemption and/or early redemption of Upper Tier II Subordinated Notes being dependent on

Mediobanca maintaining its Minimum Capital as prescribed in Title I, Chapter 2 of the Bank of Italy Regulations immediately following redemption of the Upper Tier II Subordinated Notes. If such approval is not given on or prior to the redemption date, Mediobanca will re-apply to the Bank of Italy for its consent to such redemption forthwith upon its having again, by whatever means, such required Minimum Capital. Mediobanca will use its best endeavours to maintain such required minimum capital and to obtain such approval.

(C) *Indefinite maturity*

Without prejudice to paragraph (B) above, where Lower Tier II Subordinated Notes or Tier III Subordinated Notes have an indefinite Maturity Period but are subject to redemption at the option of Mediobanca, such Notes may only be redeemed by the giving of notice from Mediobanca to holders of Notes as follows: (i) five years' notice, in the case of Lower Tier II Subordinated Notes; and (ii) two years' notice, in the case of Tier III Subordinated Notes.

(D) *Interest*

Amounts that would otherwise be payable on the due date will continue to bear interest until whichever is the earlier of (i) the day on which all sums due in respect of such Subordinated Notes up to that day are received by or on behalf of the holders of Notes and (ii) the day which is seven days after the Fiscal Agent has notified the holders of Notes that it has received all sums due in respect of such Subordinated Notes up to such seventh day.

(E) *Purchase*

Subordinated Notes may only be purchased by Mediobanca or any of its subsidiaries subject to the prior approval of the Bank of Italy, unless the Notes to be purchased (A) do not exceed 10 per cent. of the aggregate nominal amount of the relevant Series and (B) are not to be purchased in order to be surrendered to any Paying Agent for cancellation.

(h) Redemption at the option of holders of Notes

This Condition 5(h) shall not apply to Subordinated Notes.

If the Put Option is specified as being applicable to the Notes in the relevant Final Terms, the Issuer shall, at the option of the holder of any such Note, redeem such Note on the date or dates so provided at its Optional Redemption Amount (Put) together with interest accrued to the date fixed for redemption, unless otherwise specified in the relevant Final Terms.

To exercise such option or any other option of a holder of Notes which may be set out in the Final Terms, the holder must deposit such Note with any Paying Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, within the period specified in the relevant Final Terms. No Note so deposited and option exercised may be withdrawn (except as provided in the Issue and Paying Agency Agreement) without the prior consent of the Issuer.

(i) Redemption by instalments

Unless previously redeemed, purchased and cancelled on the relevant Instalment Date (being one of the dates so specified in the Final Terms) in accordance with Condition 5(f) (*Redemption at the option of the Issuer*) or (h) (*Redemption at the option of holders of Notes*) or is extended pursuant to an option of the Issuer or holder of Notes, each Note which provides for Instalment Dates and Instalment Amounts will be partially redeemed on each Instalment Date at the Instalment Amount specified on it, whereupon the outstanding principal amount of such Note shall be reduced by the Instalment Amount for all purposes.

(j) Extendible Notes

If the Final Terms specify that the Notes are Extendible Notes, such Notes shall contain an option exercisable by holders of the Notes to extend the original Maturity Period of such Notes. The Final Terms will set forth the manner in which the Maturity Period of such Notes are extendible, the final date beyond which the Maturity Period may not be extended and the procedure for notification of such extension.

(k) **Cancellation**

Notes purchased by or on behalf of the Issuer, the Guarantor or any of the Guarantor's subsidiaries (where applicable) may be surrendered for cancellation, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, if so surrendered, will, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor (where applicable) in respect of any such Notes shall be discharged.

6. **PAYMENTS AND TALONS**

(a) **Payments outside the United States**

Payments of principal and interest in respect of Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and *provided that* the Receipts are presented for payment together with their relative Notes), Notes (in the case of all other payments of principal and, in the case of interest as specified in Condition 6(e)(vi)) or Coupons (in the case of interest, save as specified in Condition 6(e)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holder, by transfer to an account denominated in that currency with, a bank in the principal financial centre of that currency: *provided that* in the case of Euro, the transfer may be to a Euro account.

(b) **Payments in the United States**

Notwithstanding the foregoing, if any Notes are denominated in US Dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(c) **Payments subject to law, etc.**

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7 (Taxation). No commission or expenses shall be charged to the holders of Notes or Couponholders in respect of such payments.

(d) **Appointment of Agents**

The Fiscal Agent, the Paying Agent and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agent and the Calculation Agent act solely as agents of the Issuer and the Guarantor (where applicable) and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer and the Guarantor (where applicable) reserve the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Calculation Agent, the Registrar or any Transfer Agent and to appoint additional or other agents *provided that* the Issuer will at all times maintain (i) a Fiscal Agent, (ii) a Calculation Agent where the Conditions so require one, (iii) the Issuer and the Guarantor (where applicable) will ensure that they maintain a Paying Agent in an EU member state that will not be obliged to withhold or deduct tax, pursuant to European Council Directive 2003/48/EU, (iv) Paying Agents having a specified office in at least two major European cities (including Luxembourg so long as the Notes are listed on the Luxembourg Stock Exchange), and (v) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York in respect of any Notes denominated in US Dollars in the circumstances described in paragraph (b) above.

Notice of any such change or any change of any specified office will promptly be given to the holders of Notes in accordance with Condition 13 (Notices).

(e) **Unmatured Coupons and Receipts and unexchanged Talons**

- (i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Notes should be surrendered for payment together with all unexpired Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) If the relevant Notes so provide, upon the due date for redemption of any Note, unexpired Coupons relating to such Notes (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Note which is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Note which provides that the relative Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons and any unexchanged Talon relating to it, and where any Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provisions of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note. Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note.

(f) **Talons**

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered to or to the order of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons which may have become void pursuant to Condition 8 (*Prescription*)).

(g) **Non-Business Days**

If the due date for payment of any amount in respect of any Note or Coupon is not a Payment 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 Payment 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 Condition 6(g):

“**Additional Financial Centre**” means the city or the cities specified as such in the relevant Final Terms; and

“**Payment Business Day**” means:

- (i) if the currency of payment is euro, any day which is:
 - (a) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
 - (b) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre specified in the Final Terms; or
- (ii) if the currency of payment is not euro, any day which is:
 - (a) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and

- (b) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre specified in the Final Terms.

7. TAXATION

(a) Gross Up

All payments of principal and interest in respect of the Notes, the Receipts and the Coupons by the Issuer or (as the case may be) the Guarantor under the Deed of Guarantee will be made without withholding or deduction for, or on the account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Grand Duchy of Luxembourg or any political subdivision thereof or any agency or authority therein or thereof having power to tax (in the case of payments made by or on behalf of Mediobanca International) or the Republic of Italy or any political subdivision thereof or any agency or authority therein or thereof having power to tax (in the case of payments made by or on behalf of Mediobanca), unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would have been received in respect of the Notes, Receipts or (as the case may be) Coupons, in the absence of such withholding or deduction; except that no additional amounts shall be payable with respect to any payment in respect of any Note, Receipt or Coupon or (as the case may be) under the Deed of Guarantee:

- (i) (A) to, or to a third party on behalf of, a holder who is subject to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of its having some connection (otherwise than merely by holding the Note, Receipt or Coupon) with (in the case of payments of principal and interest made by or on behalf of Mediobanca International) the Grand Duchy of Luxembourg or (in the case of payments of principal and interest made by or on behalf of Mediobanca and in respect of payments by Mediobanca under the Deed of Guarantee) the Republic of Italy; or (B) with respect to any Note, Receipt or Coupon presented for payment in the Republic of Italy or the Grand Duchy of Luxembourg; or (C) for or on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996, Legislative Decree No. 461 of 21 November 1997 or related implementing regulations; or (D) in all circumstances in which the requirements and procedures of such Legislative Decree No. 239 and related implementing rules have not been properly and promptly met or complied with (except where due to the actions or omissions of the Issuer, the Guarantor or their agents); or (E) to, or to a third party on behalf of, a holder who is entitled to avoid such withholding or deduction in respect of such Note, Receipt or Coupon by making a declaration or any other statement, including, but not limited to, a declaration of non-residence or other similar claim for exemption to the relevant taxing authority or intermediary/paying agent, but has failed to do so properly and promptly; or
- (ii) (in the case of payments of principal and interest made by or on behalf of Mediobanca and in respect of payments by Mediobanca under the Deed of Guarantee) to a holder who is a non-Italian resident or individual or legal entity which is resident in a tax haven country (as defined and listed in the Italian Ministry of Finance Decree of 23 January 2002 or in any other legislation substituting such decree) or in any country which does not allow for an adequate exchange of information with the Italian tax authorities (not included in Italian Ministerial Decree 4 September 1996 or in any other legislation substituting such decree); or
- (iii) for any Note, Receipt or Coupon presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the thirtieth such day; or
- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (v) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another paying agent in a Member State of the European Union; or

- (vi) (in the case of payments of principal and interest made by or on behalf of Mediobanca) with respect to any Notes having an original maturity of less than 18 months where withholding or deduction is required by law pursuant to Presidential Decree No. 600 of 29 September 1973; or
- (vii) with respect to any Notes qualifying as “atypical” securities (titoli “*atipici*”) for Italian tax purposes subject to the regime provided for by Italian Law Decree 30 September 1983, No. 512, for and on account of any withholding or deduction required by law pursuant to such decree; or
- (viii) with respect to any Notes redeemed (or repurchased and cancelled) by the relevant Issuer earlier than their original maturity date, where withholding or deduction is required by law pursuant to Italian Presidential Decree 29 September 1973, No. 600; or
- (ix) in any case, where in the Final Terms it is expressly specified under a section called “Taxation” that “No Gross Up” will apply with respect to any Note, Receipt or Coupon pursuant to this point (ix) of paragraph 7 (a) (*Taxation – Gross Up*) of the Terms and Conditions of the Notes,

without prejudice to the option of the Issuer to redeem the Notes pursuant to, and subject to the conditions of, Condition 5(c) (*Redemption for taxation reasons*).

(b) **Taxing Jurisdiction**

If the Issuer or the Guarantor (where applicable) becomes subject at any time to any taxing jurisdiction other than the Grand Duchy of Luxembourg or the Republic of Italy respectively, references in these Conditions to Luxembourg or Italy shall be construed as references to the Grand Duchy of Luxembourg or (as the case may be) the Republic of Italy and/or such other jurisdiction.

As used in these Conditions, “**Relevant Date**” in respect of any Note, Receipt or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the holders of Notes in accordance with Condition 13 (*Notices*) that, upon further presentation of the Note, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, *provided that* payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts which may be payable under this Condition.

8. **PRESCRIPTION**

Claims against the Issuer and the Guarantor (where applicable) for payment in respect of the Notes, Receipts and Coupons (which, for this purpose shall not include Talons) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect thereof.

9. **EVENTS OF DEFAULT**

(a) **Events of Default of Senior Notes**

This Condition 9(a) only applies to Senior Notes; any reference to Noteholders shall be construed accordingly. If any of the following events occurs and is continuing, the holder of a Note of any Series may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Termination Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable:

- (i) *Default in payment of principal or interest:* default is made for a period of five Business Days or more in the payment of any principal on any of the Notes or for a period of fifteen Business Days or more in the payment of any interest due in respect of the Notes or any of them;
- (ii) *Failure to perform any other Obligation:* the Issuer or the Guarantor (where applicable) fails duly to perform any other obligation under or in respect of the Notes, the Deed of Guarantee or

- the Issue and Paying Agency Agreement and such failure continues for more than 30 days after the service by a holder of a Note of notice on the Issuer requiring the same to be remedied;
- (iii) *General suspension of payments*: the Issuer or the Guarantor (where applicable) suspends its payments generally;
 - (iv) *Bankruptcy, composition or similar event*: a court in the country of domicile of the Issuer or the Guarantor (where applicable) institutes bankruptcy proceedings or composition proceedings to avert a bankruptcy or the Issuer or the Guarantor (where applicable) applies for institution of such proceedings or any event occurs which under the laws of the Republic of Italy or Luxembourg has an analogous effect to such proceedings;
 - (v) *Cross-default*: (i) any other present or future indebtedness of the Issuer or the Guarantor (where applicable) for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity as a result of any payment default thereon by the Issuer or, as the case may be, the Guarantor (where applicable), or (ii) any such indebtedness is not paid when due or, as the case may be, within an applicable grace period, or (iii) the Issuer or the Guarantor (where applicable) fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (v) have occurred equals or exceeds Euro 15,000,000;
 - (vi) *Insolvency*: either the Issuer or the Guarantor (where applicable) is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or the Guarantor (where applicable);
 - (vii) *Winding-up*: an order is made or an effective resolution is passed for the winding-up or dissolution or administration of the Issuer or the Guarantor (where applicable), or the Issuer or the Guarantor (where applicable) applies or petitions for a winding-up or administration order in respect of itself or ceases or threatens to cease to carry on all or substantially all of its business or operations, in each case except for the purposes of and pursuant to or in connection with a reconstruction, amalgamation, reorganisation, merger, de-merger, consolidation, deconsolidation or disposal or contribution in kind of assets or branches of business;
 - (viii) *Ownership*: in respect of Notes issued by Mediobanca International, Mediobanca International ceases to be controlled by Mediobanca (except in the case of a reconstruction, amalgamation, reorganisation, merger, de-merger, consolidation or similar transaction by which Mediobanca assumes the payment obligations of Mediobanca International under the Notes).
 - (ix) *Illegality*: it is or will become unlawful for the Issuer or the Guarantor (where applicable) to perform or comply with any one or more of its obligations under any of the Notes or the Deed of Guarantee (where applicable); or
 - (x) *Guarantee*: in respect of Notes issued by Mediobanca International, the Deed of Guarantee (where applicable) ceases to be a valid and binding obligation of the Guarantor or it becomes unlawful for the Guarantor to perform its obligations under the Deed of Guarantee or the Deed of Guarantee is claimed by Mediobanca International or the Guarantor not to be in full force and effect (except in the case of a reconstruction, amalgamation, reorganisation, merger, de-merger, consolidation or similar transaction by which Mediobanca assumes the payment obligations of Mediobanca International under the Notes).

(b) Events of Default of Subordinated Notes

This Condition 9(b) applies only to Subordinated Notes; any reference to Noteholders shall be construed accordingly. If any of the following events occurs and is continuing, the holder of a Note may give written notice to the Fiscal Agent at its Specified Office that such Note is immediately repayable:

- (i) *Default in payment of principal or interest*: default is made for a period of five Business Days or more in the payment of any principal due on any of the Notes or for a period of fifteen Business Days or more in the payment of any interest due on any of the Notes; or
- (ii) *Winding-up*: Mediobanca is wound up or dissolved, except for the purposes of, and pursuant to, or in connection with, a reconstruction, amalgamation, reorganisation, merger, de-merger, consolidation, deconsolidation or disposal of assets,

whereupon (in both (a) and (b) above) the Early Termination Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable and any holder of a Note may at its discretion and without further notice institute proceedings to determine the insolvency or bankruptcy of Mediobanca or prove in any winding-up or bankruptcy of Mediobanca. No remedy against Mediobanca other than as specifically provided by this Condition 9(b) shall be available to holders of the Notes or Coupons for the recovery of amounts owing in respect of the Notes or Coupons.

10. MEETINGS OF HOLDERS OF NOTES AND MODIFICATIONS

(a) *Meetings of holders of Notes*

The Issue and Paying Agency Agreement contains provisions for convening meetings of holders of Notes to consider any matter affecting their interest, including modification by Extraordinary Resolution of the Notes (including these Conditions insofar as the same may apply to such Notes). An Extraordinary Resolution duly passed at any such meeting shall be binding on all the holders of Notes, whether present or not and on all relevant holders of Coupons, except (in relation to meetings of holders of Notes issued by Mediobanca International only) that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest thereon, (ii) to reduce or cancel the principal amount of any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating the Interest Amount in respect thereof, (iv) if a Minimum and/or a Maximum Interest Rate, Instalment Amount or Redemption Amount is shown in the Final Terms, to reduce any such Minimum and/or Maximum, (v) to change any method of calculating the Redemption Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps which as specified Final Terms may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (viii) to modify the provisions concerning the quorum required at any meeting of holders of Notes or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the holders of Notes (or at any adjournment thereof) at which a special quorum (provided for in the Issue and Paying Agency Agreement) is present.

(b) *Modification of Issue and Paying Agency Agreement*

The Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Issue and Paying Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the holders of Notes.

11. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

If a Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and stock exchange regulations, at the specified office of the Fiscal Agent or such other Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to holders in accordance with Condition 13 (*Notices*), in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. FURTHER ISSUES AND CONSOLIDATION

The Issuer may from time to time without the consent of the holders of Notes or Coupons create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the Issue Price, the Issue Date and/or the first payment of interest) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.

The Issuer may also from time to time upon not less than 30 days' prior notice to Noteholders, without the consent of the holders of Notes or Coupons of any Series, consolidate the Notes with Notes of one or more other Series (the "**Other Notes**") issued by it, provided the Notes and the Other Notes have been redenominated into Euro (if not originally denominated in Euro), and otherwise have, in respect of all periods subsequent to such consolidation, the same terms. Notice of any such consolidation will be given to the Noteholders in accordance with Condition 13 (*Notices*). The Fiscal Agent shall act as the consolidation agent.

With effect from their consolidation, the Notes and the Other Notes will (if listed prior to such consolidation) be listed on at least one European stock exchange on which either the Notes or the Other Notes were listed immediately prior to such consolidation.

The Issuer shall in dealing with holders of such Notes following a consolidation pursuant to this Condition 12 have regard to the interest of the holders and the holders of the Other Notes, taken together as a class, and shall treat them alike.

13. **NOTICES**

Notices to the holders of Notes will be valid if published in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (*www.bourse.lu*). If any such publication is not practicable, notice will be validly given if published in another leading daily English language newspaper of general circulation in Europe.

Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Holders of Coupons shall be deemed for all purposes to have notice of the contents of any notice to the holders of Notes in accordance with this Condition.

14. **SUBSTITUTION OF THE ISSUER**

- (a) The Issuer and, in case of Notes issued by Mediobanca International, the Guarantor may at any time, without the consent of the holders of Notes or Coupons, substitute for the Issuer any company (the "**Substitute**") upon notice by the Issuer, the Guarantor (in case of Notes issued by Mediobanca International) and the Substitute to be given in accordance with Condition 13 (*Notices*), provided that:
- (i) no payment in respect of the Notes, the Receipts or the Coupons or the Deed of Guarantee (as the case may be) is at the relevant time overdue;
 - (ii) the Substitute shall, by means of a deed poll in the form scheduled to the Programme Manual as Schedule 10 (the "**Deed Poll**"), agree to indemnify each holder of Notes and Coupons against any incremental tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Receipt, Coupon, Talon or the Deed of Covenant and which would not have been so imposed or otherwise suffered by any holder of Notes, Receipts or Coupons had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution;
 - (iii) in respect of Notes issued by Mediobanca International, where the Substitute is not the Guarantor, the obligations of the Substitute under the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant shall be unconditionally guaranteed by the Guarantor by means of the Deed Poll, in accordance with the terms thereof;
 - (iv) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute and, where applicable, of the Guarantor have been taken, fulfilled and done and are in full force and effect;
 - (v) the Substitute shall have become party to the Issue and Paying Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it;
 - (vi) legal opinions shall have been delivered to the Fiscal Agent from lawyers of recognised standing in each jurisdiction referred to in (ii) above, in Italy and in England as to the fulfilment of the

- requirements of this Condition 14 and the other matters specified in the Deed Poll and that the Notes, Receipts, Coupons and Talons are legal, valid and binding obligations of the Substitute;
- (vii) each stock exchange on which the Notes are listed shall have confirmed that, following the proposed substitution of the Substitute, the Notes will continue to be listed on such stock exchange;
 - (viii) if applicable, the Substitute has appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes.
- (b) Upon the execution of the Deed Poll and the delivery of the legal opinions, the Substitute shall succeed to, and be substituted for, and may exercise every right and power, of the Issuer under the Notes and the Issue and Paying Agency Agreement with the same effect as if the Substitute had been named as the Issuer herein, and the Issuer shall be released from its obligations under the Notes and under the Issue and Paying Agency Agreement.
 - (c) After a substitution pursuant to Condition 14(a), the Substitute may, without the consent of any holder, effect a further substitution. All the provisions specified in Conditions 14(a) and 14(b) shall apply *mutatis mutandis*, and references in these Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substitute.
 - (d) After a substitution pursuant to Condition 14(a) or 14(c) any Substitute may, without the consent of any holder, reverse the substitution, *mutatis mutandis*.
 - (e) The Deed Poll and all documents relating to the substitution shall be delivered to, and kept by, the Fiscal Agent. Copies of such documents will be available free of charge at the specified office of the Paying Agent.

15. LAW AND JURISDICTION

- (a) *Governing Law*: The Notes and all matters arising from or connected with the Notes are governed by, and shall be construed in accordance with, English law, except for Conditions 3 (*Status and Special Provisions of Subordinated Notes*), 5(g) (*Redemption and purchase of Subordinated Notes*) and 9(b) (*Events of Default of Subordinated Notes*), which are governed by, and shall be construed in accordance with, Italian law.
- (b) *English courts*: Subject to Condition 15(d) (*Rights of the Noteholders to take proceeding outside England*), the courts of England have exclusive jurisdiction to settle any dispute (a “**Dispute**”), arising from or connected with the Notes.
- (c) *Appropriate forum*: Each of the Issuer and the Guarantor (where applicable) agree that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that they will not argue to the contrary.
- (d) *Rights of the Noteholders to take proceeding outside England*: Condition 15(b) (English courts) is for the benefit of the Noteholders only. As a result, nothing in this Condition 15 (*Law and Jurisdiction*) prevents any Noteholder from taking proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.
- (e) *Service of notices/documents*: Each of the Issuer and the Guarantor (where applicable) agree that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on them by being delivered to Mediobanca - London Branch 33 Grosvenor Place, London SW1X 7HY United Kingdom. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer and the Guarantor (where applicable), the Issuer and the Guarantor (where applicable) shall, on the written demand of any Noteholder addressed and delivered to the Issuer and to the Guarantor (where applicable) or to the specified office of the Fiscal Agent appoint a further person in England to accept service of process on their behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and the Guarantor (where applicable) and delivered to the Issuer and the Guarantor (where applicable) or to the specified office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This clause applies to Proceedings in England and to Proceedings elsewhere.

GENERAL TERMS FOR CREDIT-LINKED NOTES

Notwithstanding any provisions of the Terms and Conditions of the Notes (the “**Base Conditions**”), the following are the General Terms for Credit-Linked Notes (the “**CLN Terms**”) which modify and supplement the Base Conditions and will apply in respect of Credit-Linked Notes that are issued under the Programme to the extent so specified in the relevant Final Terms.

All capitalised terms not otherwise defined herein shall have the meanings given to them in the relevant Final Terms. In the event of any inconsistency between the Base Conditions and the CLN Terms, the CLN Terms set out below shall prevail. In the event of any inconsistency between (i) the Base Conditions and/or the CLN Terms and (ii) the applicable Final Terms, the applicable Final Terms shall prevail.

1. FINAL REDEMPTION AND MATURITY DATE

Condition 5(b) (*Maturities/Final Redemption*) shall not apply and instead the provisions of this CLN Term 1 shall apply.

- a) For the purposes of the Credit-Linked Notes, “Maturity Date” means the Scheduled Termination Date, or if later, the date which is three Business Days following the Extended Maturity Date.
- b) Unless either (i) the Notes have been previously redeemed or purchased and cancelled, or (ii) a Credit Event Determination Date has occurred in respect of a Reference Entity but no settlement, nor any action to effect settlement has occurred by the Maturity Date, the Issuer will redeem each of the Notes on the Maturity Date in an amount equal to its Final Redemption Amount on the Maturity Date.
- c) The Calculation Agent may deliver an Extension Notice at any time prior to 11.00 a.m. (Milan time) two Business Days prior to the Scheduled Termination Date. As soon as reasonably practicable after receiving an Extension Notice from the Calculation Agent, the Issuer shall promptly inform the Principal Paying Agent and the Noteholders in accordance with Condition 13 (*Notices*).

2. REDEMPTION UPON THE OCCURRENCE OF A CREDIT EVENT

- a) If a Credit Event Determination Date occurs on or prior to the Extended Maturity Date, the Issuer shall redeem each Note as follows:
 - i) if “Cash Settlement” is specified as the Settlement Basis in the applicable Final Terms, by payment on the Cash Settlement Date of the Cash Settlement Amount;
 - ii) if “Physical Settlement” is specified as the Settlement Basis in the applicable Final Terms, by Delivery of the Relevant Proportion of the Deliverable Obligation(s) by the Physical Settlement Date; or
 - iii) if “Cash or Physical Settlement” is specified as the Settlement Basis in the applicable Final Terms, as set out in sub-paragraph (i) or (ii) above at the option of the Issuer in its sole and absolute discretion and notified to Noteholders in the relevant Credit Event Notice,

Upon discharge by the Issuer of such payment or delivery obligation on the Cash Settlement Date (or, if the Cash Settlement Amount is zero, upon the occurrence of the Cash Settlement Date) or by the Physical Settlement Date, as the case may be, or otherwise as provided herein, the Issuer’s obligations in respect of the Notes shall be discharged in full.

- b) If the applicable Final Terms or Credit Event Notice specifies that Cash Settlement shall apply then the provisions of CLN Term 4 (*Cash Settlement*) shall apply and if Physical Settlement is so specified then the provisions of CLN Term 5 (*Physical Settlement*) shall apply.

3. NOTICES

- a) In accordance with these CLN Terms, the Calculation Agent may deliver a Credit Event Notice and (if applicable) a Notice of Publicly Available Information to the Issuer at any time during the Notice Delivery Period and the Issuer shall give notice or shall procure that the Credit Event Notice is given to the Principal Paying Agent and the Noteholders in accordance with Condition 13 (*Notices*), that a Credit Event Determination Date has occurred under the Credit-Linked Notes.
- b) Where the Notes are Nth-to-Default Credit-Linked Notes, the Calculation Agent may give a Credit Event Notice (and the Notice of Publicly Available Information and/or Notice of Physical Settlement, as applicable) in respect of a Credit Event having occurred in relation to any of the

Reference Entities (whether or not such Credit Event is the first to occur). If a Credit Event occurs with respect to more than one Reference Entity on the same day, the Calculation Agent shall in its sole discretion select which Reference Entity shall be deemed to be subject to the Credit Event provisions, if any.

- c) In the case of a physically settled Credit-Linked Note, the relevant Final Terms will provide that a Notice of Physical Settlement must be delivered by the Calculation Agent to the Issuer and the Principal Paying Agent on or before the thirtieth (30th) calendar day after the relevant Credit Event Determination Date (such thirtieth (30th) calendar day being the “**Physical Determination Date**”). For purposes of determining whether such Notice of Physical Settlement has been so delivered by the Physical Determination Date, the effective date of delivery of the Notice of Physical Settlement (whether or not subsequently changed) shall be used. As soon as reasonably practicable after receiving a Notice of Physical Settlement from the Calculation Agent, the Issuer shall give a notice in similar terms to the Noteholders in accordance with Condition 13 (*Notices*).
- d) Where Restructuring is specified in the relevant Final Terms as being an applicable Credit Event, there may be more than one Credit Event Determination Date in respect of the same Reference Entity as further described in CLN Term 8 (*Restructuring Credit Event*) below. In addition, in the case of a Basket Credit-Linked Note, there may be multiple Credit Event Determination Dates but, other than as set out in the preceding sentence, only one Credit Event Determination Date in respect of each Reference Entity. A Credit Event Determination Date in respect of more than one Reference Entity may occur on any one date. The provisions set out in these CLN Terms set out the mechanics that apply in respect of one Reference Entity and shall apply severally to each Reference Entity for a Basket Credit-Linked Note.
- e) Where Repudiation/Moratorium and/or Failure to Pay is specified in the relevant Final Terms as being an applicable Credit Event, the Calculation Agent may give an Extension Notice in accordance with the terms thereof.
- f) Any Credit Event Notice, Notice of Publicly Available Information, Notice of Physical Settlement or Extension Notice, as the case may be, delivered on or prior to 5:00 p.m. (Milan time) on a Business Day is effective on such date and if delivered after such time or on a day that is not a Business Day, is deemed effective on the next following Business Day.

4. CASH SETTLEMENT

- a) If “Cash Settlement” is specified as the Settlement Basis in the applicable Final Terms or in the Credit Event Notice, on the Cash Settlement Date the Issuer shall, subject as aforesaid, redeem each Note by payment of the Cash Settlement Amount.
- b) The Cash Settlement Amount in respect of each Note shall be the amount specified as such in the applicable Final Terms (which may be a *pro rata* share of the Recovery Amount) or, if no such amount is specified, an amount determined by the Calculation Agent to be the greater of (a) zero and (b) the outstanding principal amount of such Note multiplied by the Final Price of the Reference Obligation(s), provided that if the applicable Final Terms specify that “Hedge Unwind Adjustment” shall apply, then the Cash Settlement Amount or Recovery Amount, as the case may be, shall be adjusted upwards or downwards to reflect the *pro rata* Hedge Unwind Costs.
- c) If the Cash Settlement Amount is to be determined by reference to the Final Price of the Reference Obligation(s), such Final Price shall be determined in accordance with the Valuation Method specified in the applicable Final Terms, or, if no such Valuation Method is specified, the Final Price shall be determined (i) with respect to one Reference Obligation and one Valuation Date, in accordance with the “Market” Valuation Method; (ii) with respect to one Reference Obligation and more than one Valuation Date, in accordance with the “Average Market” Valuation Method; (iii) with respect to more than one Reference Obligation and one Valuation Date, in accordance with the “Blended Market” Valuation Method; or (iv) with respect to more than one Reference Obligation and more than one Valuation Date, in accordance with the “Average Blended Market” Valuation Method.
- d) Unless otherwise specified in the relevant Final Terms, the Calculation Agent may select in its sole discretion, in respect of each Defaulted Credit any Valuation Date falling on or after the Credit Event Determination Date and on or before the one hundred and twenty-fifth (125th) Business Day following the Credit Event Determination Date relating to such Defaulted Credit. The Calculation Agent will select as a Valuation Date a day falling on or before the seventy-second (72nd) Business Day following the Credit Event Determination Date unless it determines in good faith that material

problems exist in the market place in delivering obligations of the relevant Reference Entity under credit default swap contracts, in which case it may select a Valuation Date falling after the seventy-second (72nd) Business Day, but not later than the one hundred and twenty-fifth (125th) Business Day, after such date.

- e) Notwithstanding sub-paragraph (a) above, if “Cash Settlement” is specified as the Settlement Basis in the applicable Final Terms or Credit Event Notice and the Issuer is unable to sell or dispose of the Reference Obligation(s) within one hundred and eighty (180) days (or such other period as may be specified in the applicable Final Terms) following the Credit Event Determination Date, the Issuer shall notify the Noteholders of the same in accordance with CLN Term 5 (*Physical Settlement*) (an “**Alternative Settlement Notice**”), whereupon the Issuer shall endeavour to Deliver to each Noteholder the Relevant Proportion of the Deliverable Obligation(s) in accordance with CLN Term 5 (*Physical Settlement*), for which purposes the “Physical Settlement Date” and “Physical Settlement Cut-off Date” shall be such dates as may be specified by the Issuer in the Alternative Settlement Notice.

5. PHYSICAL SETTLEMENT

- a) If “Physical Settlement” is specified as the applicable Settlement Basis in the relevant Final Terms or Credit Event Notice, the Issuer shall, during the Notice Delivery Period, deliver to the Noteholders a notice (the “**Notice of Physical Settlement**”) in which the Issuer shall give a detailed description of the Deliverable Obligation(s), being the type of Deliverable Obligation(s) that the Issuer reasonably expects to Deliver to the Noteholders, including the outstanding principal balance or Due and Payable Amount of such Deliverable Obligation(s), which, unless otherwise specified in the applicable Final Terms, shall be equal to the aggregate outstanding principal amount of the Notes, provided that if any of Payment, Borrowed Money, Loan or Bond or Loan is specified as the Deliverable Obligation Category and more than one of Assignable Loan, Consent Required Loan and Direct Loan Participation are specified as Deliverable Obligation Characteristics, the Deliverable Obligation(s) may include any Loan that satisfies any one of such Deliverable Obligation Characteristics specified and need not satisfy all such Deliverable Obligation Characteristics.
- b) On or prior to the Physical Settlement Date the Issuer shall, subject to CLN Term 5(c), Deliver to each Noteholder the Relevant Proportion of the Deliverable Obligation(s). In the event that the Issuer, for any reason whatsoever, is unable to effect Delivery of the Relevant Proportion of the Deliverable Obligation(s) to any Noteholder by the Physical Settlement Date, the Issuer may continue to attempt such Delivery for an additional sixty (60) Business Days after the Physical Settlement Date. Subject to CLN Term 5(f), failure by the Issuer to Deliver to a Noteholder the Relevant Proportion of the Deliverable Obligation(s) on or prior to the date that is sixty (60) Business Days after the Physical Settlement Date shall not constitute an Event of Default under the Base Conditions.
- c) In order to obtain Delivery of the Relevant Proportion of the Deliverable Obligation(s), each Noteholder must deliver to the Issuer or the Paying Agent within five Business Days of the date of delivery of the Notice of Physical Settlement (the “**Physical Settlement Cut-Off Date**”), a duly completed Asset Transfer Notice in accordance with CLN Term 5(h), the form of which may be obtained from the specified office of the Issuer or the Paying Agent and, in the case of a holding of a Definitive Note, the Note (which expression shall, for the purposes of this CLN Term 5(c), include Certificate(s), Receipt(s) and, if applicable, all unmatured Coupons and unmatured and unexchanged Talons). In the event that the Note is represented by a Global Note, an Asset Transfer Notice must be delivered to the Issuer via the relevant clearing system, by such method of delivery as the relevant clearing system shall have approved or such other method as may be specified in the relevant Final Terms.
- d) After delivery of a valid Asset Transfer Notice, no transfers of the Notes specified therein which are represented by a Global Note may be effected by any relevant clearing system and no transfers of Registered Notes specified therein may be effected by the Registrar.
- e) Upon receipt of a duly completed Asset Transfer Notice and, in the case of Definitive Notes, the Note to which such notice relates, the Issuer, any relevant clearing system or the Paying Agent, as the case may be, shall verify that the person specified therein as the accountholder, is the Holder of the Note referred to therein according to its books.

Subject as provided herein, in relation to each Note, the Relevant Proportion of the Deliverable Obligation(s) will be Delivered to the relevant Noteholder at the risk of such Noteholder.

If the Asset Transfer Notice and (with respect to Definitive Notes, the relevant Note) are delivered to the Issuer or the Paying Agent (as the case may be) later than 5:00 p.m. close of business in Milan on the Physical Settlement Cut-Off Date, then the Relevant Proportion of the Deliverable Obligation(s) will be Delivered as soon as practicable after the date on which Delivery of the same would otherwise be made, at the risk of such Noteholder in the manner provided above. For the avoidance of doubt, such Noteholder shall not be entitled to any payment or to other assets, whether in respect of interest or otherwise, in the event of the Delivery of the Relevant Proportion of the Deliverable Obligation(s) taking place after the date on which Delivery of the same would otherwise be made pursuant to the provisions of this CLN Term 5(e) or otherwise due to circumstances beyond the control of the Issuer.

If the relevant Noteholder fails to deliver an Asset Transfer Notice in the manner set out herein or delivers an Asset Transfer Notice on any day falling after the day that is one hundred and eighty (180) calendar days after the Physical Settlement Cut-Off Date or, in the case of Definitive Notes, fails to deliver the Note related thereto or fails to pay the Delivery Expenses and, if applicable, the Hedge Unwind Costs as referred to in CLN Term 5(j), the Issuer shall be discharged from its obligations in respect of such Note and shall have no further obligation or liability whatsoever in respect thereof.

f)

- i) If due to an event beyond the control of the Issuer it is impossible, impracticable or illegal for the Issuer to Deliver, or due to an event beyond the control of any Noteholder or its designated nominee, it is impossible, impracticable or illegal for such Noteholder or its designated nominee to accept Delivery of, all or a portion of the Deliverable Obligation(s) by the Physical Settlement Date (including, without limitation, failure of the relevant clearing system or due to any law, regulation or court order, but not including market conditions or failure to obtain any requisite consent with respect to the Delivery of Loans) then by such date the Issuer or the Noteholder, as applicable, shall provide a description in reasonable detail of the facts giving rise to such impossibility, impracticability or illegality and the Issuer shall Deliver and such Noteholder or its designated nominee shall take Delivery of that portion (if any) of the Relevant Proportion of the Deliverable Obligation(s) for which it is possible, practicable and legal to take Delivery. As soon as possible thereafter, the Issuer shall Deliver and such Noteholder, its originally designated nominee or any new designated nominee shall take Delivery of the remaining portion of the Relevant Proportion of the Deliverable Obligation(s).
- ii) If:
 - (A) following the occurrence of any impossibility, impracticability or illegality referred to in sub-paragraph (i) above all of the Relevant Proportion of the Deliverable Obligation(s) is not Delivered on or prior to the Latest Permissible Physical Settlement Date, such obligations being “**Undeliverable Obligations**”; or
 - (B) all or a portion of the Deliverable Obligation(s) includes Assignable Loans or Consent Required Loans that, due to the non-receipt of any requisite consents, are not, by the Physical Settlement Date, capable of being assigned or novated to any relevant Noteholder or its nominee and such consents are not obtained or deemed to have been given by the Latest Permissible Physical Settlement Date, such loan obligations being “**Undeliverable Loan Obligations**”; or
 - (C) all or a portion of the Deliverable Obligation(s) includes Direct Loan Participations and the relevant participation is not effected on or before the Latest Permissible Physical Settlement Date, such participations being “**Undeliverable Participations**”, then Partial Cash Settlement pursuant to sub-paragraph (iii) below shall be deemed to apply with respect to that portion of the Deliverable Obligation(s) that cannot be Delivered for the reasons specified in (A) to (C) above.
- iii) On the Partial Cash Settlement Date, the Issuer shall pay to each relevant Noteholder, the Partial Cash Settlement Amount and upon discharge by the Issuer of such payment obligation on the Partial Cash Settlement Date, the Issuer’s obligations in respect of the relevant Note shall be discharged. For the purposes of this CLN Term 5(f):
- g) If, in accordance with CLN Term 5(d), (e) and (f) above, the Relevant Proportion of the Deliverable Obligation(s) is Delivered later than the Physical Settlement Date, then until Delivery of the Relevant Proportion of the Deliverable Obligation(s) is made to the relevant Noteholder, the Issuer or any person holding such assets on behalf of the Issuer shall continue to be the legal owner of those assets. None of the Issuer and any such other person shall (i) be under any

obligation to deliver or procure delivery to such Noteholder or any subsequent transferee any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in its capacity as the holder of such assets, (ii) be under any obligation to exercise or procure the exercise of any or all rights (including voting rights) attaching or appertaining to such assets until the date of Delivery or (iii) be under any liability to such Noteholder or subsequent transferee for any loss, liability, damage, cost or expense that such Noteholder or subsequent transferee may sustain or suffer as a result, whether directly or indirectly, of that person not being the legal owner of such assets until the date of Delivery.

- h) An Asset Transfer Notice is irrevocable and must:
- i) specify the account details or name of the person to whom Delivery of the Relevant Proportion of the Deliverable Obligation(s) is to be made;
 - ii) specify the nominal amount of Notes and the number of Notes which are the subject of such notice;
 - iii) in the event such Notes are represented by a Global Note:
 - (A) specify the number of the Noteholder's account at the relevant clearing system to be debited with such Notes; and
 - (B) irrevocably instruct and authorise the relevant clearing system to debit the relevant Noteholder's account with such Notes on the due date for redemption of the Notes;
 - iv) authorise the production of such notice in any applicable administrative or legal proceedings; and
 - v) unless otherwise specified in the applicable Final Terms, specify the manner in which Delivery Expenses and Hedge Unwind Costs, if applicable, will be borne by the Noteholders in accordance with CLN Term 5(j).

No Asset Transfer Notice may be withdrawn after receipt thereof by the relevant clearing system or a Paying Agent, as the case may be, as provided above. After delivery of an Asset Transfer Notice, the relevant Noteholder may not transfer the Notes which are the subject of such notice.

Failure properly to complete and deliver an Asset Transfer Notice and, in the case of Definitive Notes, to deliver the relevant Note, may result in such notice being treated as null and void. Any determination as to whether such notice has been properly completed and delivered as provided in these CLN Terms shall be made by the Issuer, Paying Agent and/or relevant clearing system, as applicable, in its sole and absolute discretion and shall be conclusive and binding on the relevant Noteholder.

If any Noteholder fails to properly complete and deliver an Asset Transfer Notice, the Issuer may in its sole discretion, decide whether to waive the requirement to deliver a properly completed Asset Transfer Notice prior to the relevant Physical Settlement Cut-Off Date for physical delivery in order for such Noteholder to receive the Redemption Amount, and shall give notice of such waiver to the relevant clearing system and to the Paying Agent, and other Agent, as applicable.

- i) If the Relevant Proportion of the Deliverable Obligation(s) comprises less than a multiple of a whole number of the Deliverable Obligation(s) at the relevant time, then (i) the Issuer shall not Deliver and the relevant Noteholder shall not be entitled to receive in respect of its Notes that fraction of an asset which is less than a whole number (the "**Fractional Entitlement**") and (ii) the Issuer shall pay to the relevant Noteholder a cash amount (to be paid at the same time as Delivery of the Relevant Proportion of the Deliverable Obligation(s)) equal to the market value (as determined by the Calculation Agent in its sole and absolute discretion) of such Fractional Entitlement.
- j) The costs and expenses including any stamp, registration documentation or similar tax and any transfer or similar fee (the "**Delivery Expenses**") of effecting any Delivery of the Relevant Proportion of the Deliverable Obligation(s) and, if the applicable Final Terms specify that "Hedge Unwind Adjustment" shall apply, a *pro rata* share of the Hedge Unwind Costs, shall, in the absence of any provision to the contrary in the applicable Final Terms, be borne by the Noteholder and shall, unless otherwise specified in the applicable Final Terms, at the option of each Noteholder as specified in the Asset Transfer Notice either be:
 - (A) paid to the Issuer by such Noteholder prior to the Delivery of the Relevant Proportion of the Deliverable Obligation(s) (and, for the avoidance of doubt, the Issuer shall not be required to Deliver any portion of the Deliverable Obligation(s) to such Noteholder until it has received such payment); or

- (B) deducted by the Issuer from the amount which may be payable to such Noteholder, in accordance with CLN Term 5(i).

If there is not a cash amount owing from the Issuer under such Note to a Noteholder sufficient to cover the Delivery Expenses and, if applicable, its *pro rata* share of the Hedge Unwind Costs, the Issuer may convert such amount of the Relevant Proportion of the Deliverable Obligation(s) into cash sufficient to cover the Delivery Expenses and, if applicable, a *pro rata* share of the Hedge Unwind Costs, in respect of such Note from which the Issuer shall deduct such amounts. Each Note will then be redeemed by delivery of the remaining portion of the Deliverable Obligation(s) in respect of such Note and, if applicable, payment of a cash amount in respect of any Fractional Entitlement arising, together with any other amounts to which such Noteholder is entitled upon redemption of such Note.

- k) The Issuer shall not be under any obligation to register or procure the registration of any Noteholder or any other person as the registered holder of any of the Deliverable Obligation(s) to be delivered in the register of members or holders of debt securities of any company whose securities form part of the Deliverable Obligation(s). The Issuer shall not be obliged to account to any Noteholder for any entitlement received or receivable in respect of any of the Deliverable Obligation(s) to be delivered if the date on which such are first traded without such entitlement is on or prior to the date of Delivery. The Issuer shall determine, in its sole and absolute discretion, the date on which such assets are so first traded without any such entitlement.

6. INTEREST PAYMENT DATE AND MATURITY DATE POSTPONEMENT

- a) If in respect of any Interest Payment Date (including the Maturity Date):
- i) a Credit Event has occurred on or prior to the relevant Interest Payment Cut-off Date, interest shall cease to accrue on (but excluding) the date of such occurrence, such accrued interest being payable on the Extended Maturity Date (and no amount of interest otherwise payable on such Interest Payment Date shall be due or payable); and
 - ii) an Uncured Default exists on the relevant Interest Payment Cut-off Date, the interest payment shall be suspended and either (as applicable):
 - (x) if, after the relevant Interest Payment Cut-off Date, a Default Correction Date occurs in respect of any such Uncured Default, (subject to paragraph (i) above) the suspended amount of interest which would have been payable on such Interest Payment Date in the absence of such Uncured Default shall be payable on the Deferred Interest Payment Date and no additional amount shall be due in respect of any such delay in payment; or
 - (y) if a Failure to Pay subsequently occurs on or prior to the Credit Observation End Date or the expiry of the Grace Period (where applicable), interest shall be deemed to have ceased to accrue on (but excluding) the date of such occurrence, such accrued interest being payable on the Extended Maturity Date (and no amount of interest which would otherwise have been payable in the absence of such Uncured Default shall be due or payable).

Notwithstanding any other provisions, no interest shall accrue after the Maturity Date.

- b) If Repudiation/Moratorium is listed as a Credit Event in the applicable Final Terms and “Repudiation/Moratorium Final Payment Date Postponement” is stated as being applicable, if prior to the Maturity Date under the Notes (i) a Potential Repudiation/Moratorium has occurred with respect to one or more of the Obligations; and (ii) such Potential Repudiation/Moratorium has not been remedied or rescinded prior to the Maturity Date, then the Maturity Date shall be postponed to the Extended Maturity Date (or such other day or period as may be specified in the applicable Final Terms) after such Potential Repudiation/Moratorium has been remedied or rescinded, provided that a Credit Event shall be deemed to have occurred, and no payment shall be made, if (x) such Potential Repudiation/Moratorium has not been remedied or rescinded by the sixtieth day after the original Maturity Date (or if the Obligation which is subject to the Potential Repudiation/Moratorium is a Bond, the later of the sixtieth (60th) day or the first payment date under such Bond after the Maturity Date), or Payment Date, or (y) a Failure to Pay (determined without regard to the Payment Requirement or any change or amendment to such Obligation as a result of the Potential Repudiation/Moratorium), or a Restructuring (determined without regard to the Default Requirement), has occurred with respect to any such Obligations.
- c) No adjustment shall be made to the amount of any interest as a result of any such delay as described in sub-paragraph (b) above.

7. SUCCESSION EVENT

- a) Where the Notes are Single Name Credit Linked Notes:
 - i) Where a Succession Event has occurred and more than one Successor has been identified by the Calculation Agent, each such Successor will be deemed to be a Reference Entity for the purposes of the Notes, and to the extent applicable, the Calculation Agent shall apportion any outstanding principal amounts or any other relevant calculation amounts equally in relation to each Successor.
 - ii) Where a Credit Event occurs in respect of a Reference Entity after such a Succession Event, the provisions of the relevant CLN Terms shall be deemed to apply to the principal amount represented by that Reference Entity only (the “**Partial Principal Amount**”) and all the provisions shall be construed accordingly. Each Note shall thereafter be redeemed in part (such redeemed part being equal to the relevant proportion of the Partial Principal Amount).
 - iii) The Notes shall be deemed to be redeemed *pro rata* in an amount equal to the Partial Principal Amount only. The Notes in an amount equal to the Aggregate Nominal Amount less the Partial Principal Amount shall remain outstanding (the “**Remaining Amount**”) and interest shall accrue on the Remaining Amount as provided for in the Base Conditions and the applicable Final Terms (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).
 - iv) The provisions of these CLN Terms shall apply to any subsequent Credit Event Notices delivered in respect of any of the other Reference Entities that are identified as a result of the Succession Event.
- b) Where the Notes are Basket Credit-Linked Notes:
 - i) Where a Succession Event has occurred in respect of a Reference Entity and more than one Successor has been identified, each Successor will be the Reference Entity (each a “**Successor Reference Entity**”) for the purposes of the Notes, for the avoidance of doubt, such Reference Entity shall no longer be a Reference Entity.
 - ii) Following the occurrence of a Succession Event, upon the satisfaction of the Conditions to Settlement with respect to any of the Reference Entities unaffected by a Succession Event, the Remaining Amount of the Notes will be redeemed in accordance with the provisions of these CLN Terms relating to Basket Credit-Linked Notes.
 - iii) Where a Credit Event occurs in respect of a Successor Reference Entity, the provisions of these CLN Terms shall be deemed to apply to the Partial Principal Amount of the relevant Successor Reference Entity and all the provisions shall be construed accordingly. Each Note shall thereafter be redeemed in a proportion equal to the relevant proportion which the Partial Principal Amount forms of the aggregate outstanding principal amount of the Notes as of the Issue Date.
 - iv) Following a partial redemption of the Notes pursuant to sub-paragraph (iii) above, interest shall accrue on the remaining outstanding principal amount of the Notes equal to the aggregate outstanding principal amount immediately prior to the redemption as provided for in these CLN Terms (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate)..
 - v) The provisions of these CLN Terms shall apply to any subsequent Credit Event Notices delivered in respect of any Reference Entities following the occurrence of a Succession Event. For the avoidance of doubt, the provisions of this CLN Term 7(b) shall apply to each Succession Event.
- c) Where the Notes are First-to-Default Credit-Linked Notes or Nth-to-Default Credit-Linked Notes:
 - i) Where a Succession Event has occurred in respect of a Reference Entity (each such Reference Entity and any Reference Entity previously the subject of a Succession Event, a “**Succession Event Reference Entity**”) and the Reference Entities unaffected by such Succession Event or any previous Succession Event, the “**Non-Succession Event Reference Entities**”) and more than one Successor has been identified by the Calculation Agent, each such Successor will be deemed to be a Successor Reference Entity for the purposes of the Notes and, to the extent applicable, the Calculation Agent shall apportion any outstanding principal amounts or any other relevant calculation amounts equally in relation to each Successor Reference Entity.
 - ii) Following the occurrence of a Succession Event, satisfaction of the Conditions to Settlement following a Credit Event with respect to any of the Non-Succession Event Reference Entities

will cause the Notes to be redeemed in full in accordance with the provisions of these CLN Terms; provided that, in the case of Nth-to-Default Credit-Linked Notes, satisfaction of the Conditions to Settlement following a Credit Event with respect to any of the Non-Succession Event Reference Entities will only cause the Notes to be redeemed in full as aforesaid where such Non-Succession Event Reference Entity is the Nth Reference Entity with respect to which the Conditions to Settlement have been satisfied.

- iii) Where a Credit Event occurs in respect of a Successor Reference Entity, the relevant provisions of these CLN Terms shall be deemed to apply to the Partial Principal Amount of the Notes represented by the relevant Successor Reference Entity only; provided that, in the case of Nth -to-Default Credit-Linked Notes, that such Successor Reference Entity is the Nth Reference Entity with respect to which the Conditions to Settlement have been satisfied, and all the provisions shall be construed accordingly. Subject as aforesaid, the Notes shall thereafter be redeemed in a proportion equal to the relevant proportion which the Partial Principal Amount forms of the aggregate outstanding principal amount of the Notes as of the Issue Date.
- iv) Following a partial redemption of the Notes pursuant to sub-paragraph (iii) above, interest shall accrue on the remaining outstanding principal amount of the Notes immediately following the partial redemption as provided for in the Base Conditions and these CLN Terms (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).
- v) The provisions of these CLN Terms shall apply to any subsequent Credit Event Notices delivered in respect of any other Successor Reference Entities formed as a result of one or more Succession Events and/or any of the Non-Succession Event Reference Entities. For the avoidance of doubt, the provisions of this CLN Term 7(c)(v) shall apply to each Succession Event.
- d) Where the effect of the foregoing provisions would be to specify a Reference Entity more than once with respect to the Notes, that Reference Entity shall be deemed to be specified only once.
- e) Save as otherwise provided in the applicable Final Terms, where any Reference Entity (the “**Surviving Reference Entity**”) (other than a Reference Entity that is subject to a Succession Event) would be a Successor to any other Reference Entity (the “**Legacy Reference Entity**”) pursuant to a Succession Event through the application of the foregoing provisions, such Surviving Reference Entity shall be deemed a Successor to the Legacy Reference Entity.
- f) Save as otherwise provided in the applicable Final Terms, in the event that (x) the Issuer becomes a Successor to any Reference Entity as a result of the application of the foregoing provisions, (y) the Issuer and any Reference Entity become Affiliates or (z) the Issuer or a Reference Entity consolidates or amalgamates with, or merges into, or transfers all or substantially all its assets to, a Reference Entity or the Issuer (as applicable), then the Issuer shall forthwith give notice of such circumstance to Noteholders. In such event, the Issuer may, but shall not be obliged to, on giving not more than thirty (30) nor less than fifteen (15) days’ notice to Noteholders (the “**Seller Merger Notice**”), redeem all but not some of the Notes at the Early Redemption Amount specified in the Seller Merger Notice.
- g) The applicable Final Terms may be amended and restated at such time to reflect the effect of a Succession Event without the consent of the Noteholders and the Noteholders are deemed to agree to this provision by the purchase of the Notes.
- h) In the case of any determinations under each of sub-paragraphs (a) to (g) above and any determinations under the Final Terms connected with or as a result of a Succession Event or otherwise shall be made by the Calculation Agent in its sole discretion and in good faith and, in the absence of manifest error, shall be conclusive and binding on all parties.

8. RESTRUCTURING CREDIT EVENT

- a) Where Restructuring is specified in the applicable Final Terms as being an applicable Credit Event and, unless otherwise specified in such Final Terms, the Issuer may deliver multiple Credit Event Notices with respect to such Credit Event (a “**Restructuring Credit Event**”). Accordingly, notwithstanding anything to the contrary in these CLN Terms, where a Restructuring Credit Event has occurred and the Issuer has delivered a Credit Event Notice for an amount that is less than the Aggregate Nominal Amount outstanding of the Notes immediately prior to the delivery of such Credit Event Notice (the “**Exercise Amount**”), the provisions of these CLN Terms shall be deemed to apply to a principal amount equal to the Exercise Amount only and all the provisions

- shall be construed accordingly. The Exercise Amount shall be subject to a minimum Exercise Amount as specified in the relevant Final Terms. Each notice shall specify the Valuation Date and the Exercise Amount, provided that such Valuation Date is no later than the day falling seventy-two (72) or, as the case may be, one hundred and twenty-five (125) Business Days following, in respect of the Notes, the Maturity Date. Each such Note shall be redeemed in part (such redeemed part being equal to the relevant proportion of the Exercise Amount).
- b) The Notes shall be deemed to be redeemed *pro rata* in an amount equal to the Exercise Amount only. The Notes in an amount equal to the Aggregate Nominal Amount outstanding (immediately prior to the redemption thereof) less the Exercise Amount shall remain outstanding (the “**Outstanding Amount**”) and interest shall accrue on the Outstanding Amount as provided for in the Base Conditions, these CLN Terms and the applicable Final Terms (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).
 - c) In respect of any subsequent Credit Event Notices delivered in respect of the Reference Entity that was the subject of the Credit Event Notice referred to above:
 - i) the Exercise Amount in connection with a Credit Event Notice describing a Credit Event other than a Restructuring Credit Event must be equal to the then outstanding principal amount of the Notes at such time (and not a portion thereof); and
 - ii) the Exercise Amount in connection with a Credit Event Notice describing a Restructuring Credit Event must be an amount that is at least 1,000,000 units of the currency (or, if Japanese Yen, 100,000,000 units) in which the Notes are denominated or any integral multiple thereof or the entire then outstanding principal amount of the Notes at such time.
 - d) For the avoidance of doubt, in the case of a First-to-Default Credit-Linked Note, once a Restructuring Credit Event has occurred in respect of a Reference Entity, no further Credit Event Notices may be delivered in respect of any Reference Entity other than the Reference Entity that was the subject of the first occurring Restructuring Credit Event. In the case of an Nth-to-Default Credit-Linked Note, if a Restructuring Credit Event has occurred in respect of the Nth Reference Entity, no further Credit Event Notices may be delivered in respect of any Reference Entity other than the Nth Reference Entity.
 - e) If “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” is specified in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be specified in the Notice of Physical Settlement and may be included in the Deliverable Obligations only if it (i) is a Fully Transferable Obligation and (ii) has a final maturity date not later than the Restructuring Maturity Limitation Date.
 - f) If “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be specified in the Notice of Physical Settlement and may be included in the Deliverable Obligations only if it (i) is a Conditionally Transferable Obligation and (ii) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.
 - g) If the provisions of this CLN Term 8 apply in respect of the Notes, on redemption of part of each such Note, the relevant Note or, if the Notes are represented by a Global Note, such Global Note shall be endorsed to reflect such partial redemption.

9. THE CALCULATION AGENT

The Calculation Agent shall be responsible for making all relevant determinations as set out in these CLN Terms and as applicable in the relevant Final Terms.

The Calculation Agent shall, as soon as practicable after obtaining any Quotation (if applicable), notify the Noteholders in writing of each such Quotation that it receives in connection with the calculation of the Final Price and shall provide to the Noteholders a written computation showing its calculation of the Final Price.

Neither the Calculation Agent nor the Issuer shall have any responsibility to the Noteholders for good faith errors or omissions in the Calculation Agent’s calculations and determinations as provided in the Base Conditions and in these CLN Terms, whether caused by negligence or otherwise.

When determining the existence or occurrence of any Potential Failure to Pay, Potential Repudiation/Moratorium or any Credit Event as specified in the relevant Final Terms, the Calculation

Agent shall make such determination based on the occurrence of an event whether or not the occurrence of the relevant event arises directly or indirectly from or is subject to a defence based upon (a) any lack or alleged lack of authority or capacity of the relevant Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor or Insured Obligor, as the case may be, to enter into any Underlying Obligation or Insured Instrument, as the case may be, (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation or Insured Instrument, as the case may be, however described, (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described, or (d) the imposition of or any change in any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority.

10. MODIFICATIONS TO THE BASE CONDITIONS

For the purposes of Credit-Linked Notes:

- a) if Interest Period Dates are specified in the applicable Final Terms, then, notwithstanding Condition 4(a) of the Base Conditions, “Fixed Interest Period” and “Interest Period” shall mean the period from (and including) an Interest Period Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Period Date. In such circumstances, interest shall accrue on the Notes at the Rate of Interest during the relevant Fixed Interest Period or Interest Period (as the case may be) and shall be payable on the Interest Payment Date or Specified Interest Payment Date (as the case may be) immediately following such Fixed Interest Period or Interest Period (as the case may be); and
- b) references to “Interest Payment Date” in the definition of “Day Count Fraction” in Condition 4 (*Interest and Other Calculations*) of the Base Conditions shall be construed as references to “Interest Period Date” as defined in these CLN Terms.

11. DEFINITIONS

For the purposes of these CLN Terms, the following words shall have the following meaning:

“**Accelerated or Matured**” means an obligation under which the total amount owed, whether at maturity, by reason of acceleration, upon termination or otherwise (other than amounts in respect of default interest, indemnities, tax gross-ups and other similar amounts), is, or on or prior to the Delivery Date will be, due and payable in full in accordance with the terms of such obligation, or would have been but for, and without regard to, any limitation imposed under any applicable insolvency laws;

“**Accreting Obligation**” means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other accruals of interest or principal not payable on a periodic basis) that will or may accrete, whether or not (a) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (b) periodic cash interest is also payable;

“**Additional Provisions**” means the Additional Provisions for Physically Settled Default Swaps – Monoline Insurer as Reference Entity, as published by ISDA on 21 January 2005.

“**Affiliate**” means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose “**control**” of any entity or person means ownership of a majority of the voting power of the entity or person;

“**Alternative Settlement Notice**” shall have the meaning specified in CLN Term 4(d);

“**Asset Transfer Notice**” means a notice that complies with CLN Term 5(h), issued by a Noteholder to the Issuer, in connection with a redemption of any Note wholly or in part by way of Physical Settlement;

“**Assignable Loan**” means a Loan that is capable of being assigned or novated to any third party or, at a minimum, commercial banks or financial institutions (irrespective of their jurisdiction of organisation) that are not then a lender or a member of the relevant lending syndicate without the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the applicable borrower if a Reference Entity is guaranteeing such Loan) or any agent;

“**Average Blended Highest**” means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Highest Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date;

“**Average Blended Market**” means, using values with respect to each Valuation Date determined by the Calculation Agent in accordance with the Blended Market Valuation Method, the unweighted arithmetic mean of the values so determined with respect to each Valuation Date;

“**Average Highest**” means, with respect to the Reference Obligation on each Valuation Date, the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to such Reference Obligation on each such date;

“**Average Market**” means, with respect to the Reference Obligation on each Valuation Date, the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to such Reference Obligation on each such date;

“**Bankruptcy**” means, with respect to a Reference Entity, such Reference Entity (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (d) institutes or has instituted against it a proceeding seeking a judgement of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgement of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof; (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) to (g) (inclusive); or (i) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

“**Basket Credit-Linked Note**” means *pro rata* default basket Credit-Linked Notes where the Issuer purchases credit protection from the Noteholders in respect of two or more Reference Entities, and pursuant to which, upon the occurrence of a Credit Event and satisfaction of the Conditions to Settlement with respect to the two or more Reference Entities, the Notes will be redeemed in accordance with the relevant Settlement Basis.

“**Best Rate Currency**” means the best of the rates of exchange obtained by the Calculation Agent from three Dealers equal to the rate of conversion of the currency of the Deliverable Obligation into the Relevant Currency, provided that if none of the Dealers make a firm quote, then such rate of exchange shall be determined by the Calculation Agent;

“**Blended Highest**” means with respect to each Reference Obligation on the relevant Valuation Date the unweighted arithmetic mean of the highest Quotations obtained by the Calculation Agent with respect to each such Reference Obligation on such date;

“**Blended Market**” means, with respect to each Reference Obligation on the relevant Valuation Date, the unweighted arithmetic mean of the Market Values determined by the Calculation Agent with respect to each such Reference Obligation on such date;

“**Bond**” means any obligation of a type included in the definition of “**Borrowed Money**” Obligation Category that is in the form of, or represented by, a bond, note (other than notes delivered pursuant to Loans), certificated debt security or other debt security and shall not include any other type of Borrowed Money;

“**Bond or Loan**” means any obligation that is either a Bond or a Loan;

“**Borrowed Money**” means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of borrowed money, (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);

“**Business Day**” means (i) a day on which commercial banks and foreign exchange markets settle payments and are open in Milan, (ii) a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open, and (iii) any additional city or cities specified in the applicable Final Terms;

“**Capped Reference Entity**” means, unless otherwise specified in the Final Terms, if the Physical Settlement Matrix is applicable, a Reference Entity corresponding to a Transaction Type in respect of which “60 Business Days Cap on Settlement” is expressed as applying in the Physical Settlement Matrix.

“**Cash Settlement Amount**” means, in respect of each Note, the amount determined in accordance with CLN Term 4 (*Cash Settlement*);

“**Cash Settlement Date**” means the date that is three Business Days (or such other number of Business Days specified in the applicable Final Terms) following the calculation of the Final Price;

The “**Conditions to Settlement**” shall be deemed to be satisfied upon delivery by the Calculation Agent to the Issuer in accordance with the Base Conditions and these CLN Terms of (i) a Credit Event Notice, (ii) if specified in the applicable Final Terms, a Notice of Publicly Available Information and, if Physical Settlement applies, (iii) a Notice of Physical Settlement, each of which is effective during the applicable Notice Delivery Period. Where the Notes are First-to-Default Credit-Linked Notes, the Conditions to Settlement shall apply solely to one Reference Entity, which shall be the first Reference Entity with respect to which a Credit Event Determination Date occurs. Where the Notes are Nth-to-Default Credit-Linked Notes, the Conditions to Settlement shall apply solely to the Nth Reference Entity with respect to which a Credit Event Determination Date occurs;

“**Consent Required Loan**” means a Loan that is capable of being assigned or novated with the consent of the relevant Reference Entity or the guarantor, if any, of such Loan (or the consent of the relevant borrower if a Reference Entity is guaranteeing such Loan) or any agent;

“**Convertible Obligation**” means any obligation that is convertible, in whole or in part, into Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation);

“**Credit Event**” means, as determined by the Calculation Agent, the occurrence of any or any combination of Bankruptcy, Failure to Pay, Obligation Acceleration, Obligation Default, Repudiation/Moratorium or Restructuring, as specified in the applicable Final Terms, determined on the basis of Publicly Available Information by the Calculation Agent. If an occurrence would otherwise constitute a Credit Event, such occurrence will constitute a Credit Event whether or not such occurrence arises directly or indirectly from: (a) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation, (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation, or, as applicable, any Underlying Obligation however described, (c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described, or (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restriction imposed by any monetary or other authority, however described);

“**Credit Event Determination Date**” means the first date on which the Credit Event Notice is effective;

“**Credit Event Notice**” means an irrevocable notice from the Calculation Agent (which may be oral if communicated by telephone) to the Noteholders, at the address that each Noteholder shall

communicate in writing to the Calculation Agent, or absent such communication, to the relevant clearing system, that describes a Credit Event that occurred at or after 12.01 a.m., Greenwich Mean Time, on the Issue Date and at or prior to 11.59 p.m., Greenwich Mean Time, on the latest of:

- a) the Maturity Date;
- b) the Grace Period Extension Date if:
 - i) Grace Period Extension is specified as applying in the applicable Final Terms;
 - ii) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay Credit Event that occurs after the Maturity Date;
 - iii) the Potential Failure to Pay with respect to such Failure to Pay occurs at or prior to 11:59 p.m., Greenwich Mean Time, on the Maturity Date;
 - iv) the Grace Period Extension Condition is satisfied; and
- c) the Repudiation/Moratorium Evaluation Date if:
 - i) the Credit Event that is the subject of the Credit Event Notice is a Repudiation/Moratorium Credit Event that occurs after the Maturity Date;
 - ii) the Potential Repudiation/Moratorium with respect to such Repudiation/Moratorium occurs at or prior to 11:59 p.m., Greenwich Mean Time, on the Maturity Date; and
 - iii) the Repudiation/Moratorium Extension Condition is satisfied,

unless the Final Terms specify an alternative time. The Credit Event Notice shall contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is delivered. In addition, if “Cash or Physical Settlement” is specified as the Settlement Basis in the applicable Final Terms, the Credit Event Notice shall also specify whether the Issuer elects to settle the Notes by Cash Settlement or Physical Settlement;

“**Credit-Linked Note**” means Notes which are linked to the credit of one or more Reference Entities.

“**Credit Observation End Date**” means the date specified in the applicable Final Terms, provided that if no date is so specified, the Credit Observation End Date shall mean the Interest Payment Cut-Off Date;

“**Credit Observation Period**” means the period from the Credit Observation Start Date to the Credit Observation End Date (both dates inclusive);

“**Credit Observation Start Date**” means the date specified in the applicable Final Terms, provided that if no date is so specified, the Credit Observation Start Date shall mean the Issue Date;

“**Currency Amount**” means, whenever an amount is denominated in a currency other than the Specified Currency and is specified in these CLN Terms to be determined by reference to a Currency Amount, such amount converted to the relevant Specified Currency using the Best Rate Currency;

“**Dealer**” means a dealer (other than the Issuer or any Affiliate of the Issuer, unless otherwise specified in the applicable Final Terms) in obligations of the type of Obligation(s) for which Quotations are to be obtained, as selected by the Calculation Agent;

“**Default Correction Date**” means with respect to an Uncured Default: the day (if any) on which Publicly Available Information exists confirming that a Potential Failure to Pay has been cured and ceases to exist, as determined by the Calculation Agent, provided that such Potential Failure to Pay is cured within the originally applicable grace period prior to the expiry of which such debt is not capable of being declared due and payable, and provided that such cure occurs before a Credit Event as a result of a Failure to Pay occurs.

“**Default Requirement**” means the amount as may be specified as such in the applicable Final Terms or its equivalent in the Obligation Currency or, if a Default Requirement is not so specified in the applicable Final Terms, U.S.\$ 10,000,000 or its equivalent in the relevant Obligation Currency, in each case as of the occurrence of the relevant Credit Event;

“**Defaulted Credit**” means, on any day, each Reference Entity in respect of which a Credit Event Determination Date has occurred;

“Deferred Interest Payment Date” means, in respect of a Default Correction Date, the day falling five Business Days following such Default Correction Date.

“Deliver” means, with respect to the Relevant Proportion of the Deliverable Obligation(s), to deliver, novate, transfer (including in the case of a Qualifying Guarantee, transfer of the benefit of the Qualifying Guarantee), assign or sell, as appropriate, in the manner customary for the settlement of the applicable Deliverable Obligation(s) (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in the Relevant Proportion of the Deliverable Obligation(s) to the Noteholder free and clear of any and all liens, charges, claims or encumbrances (including without limitation any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in sub-paragraphs (a) to (d) of the definition of “Credit Event” above) or right of set-off by or of the Reference Entity or as applicable an Underlying Obligor); provided that (A) to the extent that the Deliverable Obligation(s) consist of Direct Loan Participations, **“Deliver”** shall mean the creation (or procurement of the creation) of a participation in favour of the relevant Noteholder and (B) to the extent that the Deliverable Obligation(s) consist of Qualifying Guarantees, **“Deliver”** shall mean to Deliver both the Qualifying Guarantee and the Underlying Obligation. **“Delivery”** and **“Delivered”** shall be construed accordingly.

“Deliverable Obligation” means (a) any obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applying in the applicable Final Terms) described by the Deliverable Obligation Category specified in the applicable Final Terms (but excluding any Excluded Deliverable Obligation) and, subject to CLN Term 5 (*Physical Settlement*), having one or more of the Deliverable Obligation Characteristics specified in the applicable Final Terms that (i) is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable and (ii) is not subject to any counterclaim, defence (other than a counterclaim or defence based on the factors set forth in sub-paragraphs (a) to (d) of the definition of “Credit Event” above) or right of set off by or of a Reference Entity or any applicable Underlying Obligor) and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being Delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement, (b) each Reference Obligation, unless specified in the applicable Final Terms as an Excluded Deliverable Obligation; and, if such Reference Obligation is a Convertible Obligation or an Exchangeable Obligation provided that the right (A) to convert or exchange such obligation or (B) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price in whole or in part in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date, and (c) any other obligation of a Reference Entity specified as such in the applicable Final Terms;

“Deliverable Obligation Category” means one of Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, as specified in the applicable Final Terms (each as defined herein, except that, for the purpose of determining Deliverable Obligation(s), the definition of Reference Obligations Only shall be amended to state that no Deliverable Obligation Characteristics shall be applicable to Reference Obligations Only);

“Deliverable Obligation Characteristics” means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed, Not Contingent, Not Domestic Issuance, Assignable Loan, Consent Required Loan, Direct Loan Participation, Transferable, Maximum Maturity, Accelerated or Matured and Not Bearer, as specified in the applicable Final Terms;

“Delivery Date” means, with respect to a Deliverable Obligation, the date such Deliverable Obligation is Delivered;

“Delivery Expenses” shall have the meaning specified in CLN Term 5(j);

“Direct Loan Participation” means a Loan in respect of which, pursuant to a participation agreement, the Issuer is capable of creating, or procuring the creation of a contractual right in favour of the Noteholder that provides such Noteholder with recourse to the participation seller for a specified share in any payments due under the relevant Loan which are received by such participation seller, any such agreement to be entered into between such Noteholder and either (a) the Issuer (to the extent the Issuer is then a lender or a member of the relevant lending syndicate), or (b) a Qualifying Participation Seller

(if any) (to the extent such Qualifying Participation Seller is then a lender or a member of the relevant lending syndicate);

“Domestic Currency” means the currency specified as such in the applicable Final Terms and any successor currency. If no currency is so specified, the Domestic Currency shall be the lawful currency and any successor currency of (a) the relevant Reference Entity, if the Reference Entity is a Sovereign, or (b) the jurisdiction in which the relevant Reference Entity is organised, if the relevant Reference Entity is not a Sovereign. In no event shall Domestic Currency include any successor currency if such successor currency is the lawful currency of any of Canada, Japan, Switzerland, the United Kingdom or the United States of America or the euro (or any successor currency to any such currency);

“Downstream Affiliate” means an entity whose outstanding Voting Shares were, at the date of issuance of the Qualifying Guarantee, more than 50 per cent. owned, directly or indirectly, by the Reference Entity;

“Due and Payable Amount” means the amount that is due and payable under (and in accordance with the terms of) a Deliverable Obligation on the Delivery Date, whether by reason of acceleration, maturity, termination or otherwise (excluding sums in respect of default interest, indemnities, tax gross-ups and other similar amounts);

“Entity Type” means, unless otherwise specified in the Final Terms for the purposes of the application of the Entity Type Standard Terms to the Notes, each Reference Entity designated as one of the following in the Final Terms:

- a) European Corporate Entity;
- b) European Insurance Corporate Entity (Subordinated Debt);
- c) European Emerging Markets Corporate Entity;
- d) Australian and New Zealand Corporate Entity;
- e) Japanese Corporate Entity;
- f) Singaporean Corporate Entity;
- g) Asian Corporate Entity;
- h) North American Investment Grade Corporate Entity;
- i) North American High Yield Corporate Entity;
- j) North American Monoline Insurer Corporate Entity;
- k) Latin American Corporate (B) Entity;
- l) Latin American Corporate (B&L) Entity;
- m) Western European Sovereign Entity;
- n) European Emerging Markets Sovereign Entity;
- o) Australian and New Zealand Sovereign Entity;
- p) Japanese Sovereign Entity;
- q) Singaporean Sovereign Entity;
- r) Asian Sovereign Entity; and
- s) Latin American Sovereign Entity.

“Equity Securities” means (a) in the case of a Convertible Obligation, equity securities (including options and warrants) of the issuer of such obligation or depositary receipts representing those equity securities of the issuer of such obligation together with any other property to be distributed to or made available to holders of those equity securities from time to time, and (b) in the case of an Exchangeable Obligation, equity securities (including options and warrants) of a person other than the issuer of such obligation or depositary receipts representing those equity securities of a person other than the issuer of such obligation together with any other property to be distributed to or made available to holders of those equity securities from time to time;

“Exchangeable Obligation” means any obligation that is exchangeable, in whole or in part, for Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation (or the cash equivalent thereof, whether the cash settlement option is that of the issuer or of (or for the benefit of) the holders of such obligation);

“Excluded Deliverable Obligation” means any obligation identified as such in the applicable Final Terms;

“Excluded Obligation” means any obligation identified as such in the applicable Final Terms;

“Exercise Amount” has the meaning set out in Term 9 (*Restructuring Credit Event*);

“Extended Maturity Date” means, where an Extension Notice has been served, the date that is fifteen (15) Business Days (or such other date as may be specified in the Final Terms) after:

- a) if such notice was given pursuant to clause (a) of the definition of Extension Notice, the Scheduled Termination Date; or
- b) if such notice was given pursuant to clause (b) of the definition of Extension Notice, the Grace Period Extension Date; or
- c) if such notice was given pursuant to clause (c) of the definition of Extension Notice, the Repudiation/Moratorium Evaluation Date.

“Extension Notice” means a notice from the Calculation Agent to the Issuer, giving notice of the following in relation to a Reference Entity:

- a) without prejudice to clauses (b) and (c) below, that a Credit Event has occurred or may occur on or prior to the Scheduled Termination Date; or
- b) that a Potential Failure to Pay has occurred or may occur on or prior to the Scheduled Termination Date. For the purposes of this clause (b), the giving of a Grace Period Extension Notice (if on or prior to the Scheduled Termination Date) shall be deemed to satisfy the requirement to give notice under this definition of Extension Notice. However, the giving of an Extension Notice in accordance with this clause (b) shall not in any way preclude the subsequent giving of a Grace Period Extension Notice so long as the Grace Period Extension Condition is satisfied; or
- c) that a Potential Repudiation/Moratorium has occurred or may occur on or prior to the Scheduled Termination Date. For the purposes of this clause (c), the giving of a Repudiation/Moratorium Extension Notice (if on or prior to the Scheduled Termination Date) shall be deemed to satisfy the requirement to give notice under this definition of Extension Notice. However, the giving of an Extension Notice in accordance with this clause (c) shall not in any way preclude the subsequent giving of a Repudiation/Moratorium Extension Notice so long as the Repudiation/Moratorium Extension Condition is satisfied.

An Extension Notice shall be subject to the requirements regarding notices set out in CLN Term 3 (*Notices*).

“Failure to Pay” means, after the expiration of any applicable (or deemed) Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations in accordance with the terms of such Obligations at the time of such failure;

“Final Payment Date” means the date as specified in the applicable Final Terms, provided that if no date is so specified, the Final Payment Date shall be the date that is two Business Days after the Maturity Date;

“Final Price” means, with respect to any Reference Obligation, the price of the Reference Obligation, expressed as a percentage, determined by the Calculation Agent as of the Valuation Date in accordance with the Valuation Method specified in the applicable Final Terms;

“First-to-Default Credit-Linked Notes” means any Series of Notes in respect of which the Issuer purchases credit protection from Noteholders in respect of two or more Reference Entities and pursuant to which, upon the occurrence of a Credit Event and satisfaction of the Conditions to Settlement with respect to any of such Reference Entities, the Notes will be redeemed in accordance with the relevant Settlement Basis;

“Fractional Entitlement” shall have the meaning specified in CLN Term 5(i);

“Full Quotation” means, in accordance with the Quotation Method, a firm quotation obtained from a Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the Reference Obligation with an outstanding principal balance equal to the Quotation Amount;

“Governmental Authority” means any *de facto* or *de jure* government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or any

other entity (private or public) charged with the regulation of the financial markets (including the central bank) of a Reference Entity or of the jurisdiction of incorporation, registration or organisation of a Reference Entity;

“Grace Period” means:

- i) subject to sub-paragraphs (ii) and (iii) below, the applicable grace period with respect to payments under the relevant Obligation under the terms of such Obligation in effect as of the later of the Credit Observation Start Date and the date as of which such Obligation is issued or incurred;
- ii) if Grace Period Extension is specified in the applicable Final Terms as applicable, a Potential Failure to Pay has occurred on or prior to the Maturity Date and the applicable grace period cannot, by its terms, expire on or prior to the Maturity Date, the Grace Period shall be deemed to be the lesser of such grace period and the number of days specified as such in the applicable Final Terms or, if a number of days is not so specified, thirty calendar days; and
- iii) if, at the later of the Credit Observation Start Date and the date as of which an Obligation is issued or incurred, no grace period with respect to payments or a grace period with respect to payments of less than three Grace Period Business Days is applicable under the terms of such Obligation, a Grace Period of three Grace Period Business Days shall be deemed to apply to such Obligation; provided that, unless Grace Period Extension is specified as applicable in the applicable Final Terms, such deemed Grace Period shall expire no later than the Maturity Date;

“Grace Period Business Day” means a day on which commercial banks and foreign exchange markets are generally open to settle payments in the place or places and on the days specified for that purpose in the relevant Obligation and if a place or places are not so specified, in the jurisdiction of the Obligation Currency;

“Grace Period Extension Condition” is satisfied by the delivery of a Grace Period Extension Notice and, if specified as applicable in the applicable Final Terms, Notice of Publicly Available Information, by the Issuer to the Noteholders delivered on or before the Maturity Date;

“Grace Period Extension Date” means, if (a) Grace Period Extension is specified as applicable in the applicable Final Terms and (b) a Potential Failure to Pay occurs on or prior to the Maturity Date, the date that is the number of days in the Grace Period after the date of such Potential Failure to Pay. If Grace Period Extension is not specified as applicable in the relevant Final Terms, Grace Period Extension shall not apply. If (i) Grace Period Extension is specified as applicable in the relevant Final Terms, (ii) a Potential Failure to Pay occurs on or prior to the Maturity Date, (iii) the Grace Period Extension Condition is satisfied and (iv) a Credit Event Determination Date in respect of that Failure to Pay does not occur during the Notice Delivery Period, the Final Payment Date will be the second Business Day after the Grace Period Extension Date (even if a Failure to Pay subsequently occurs);

“Grace Period Extension Notice” means an irrevocable notice from the Issuer to the Noteholders that describes a Potential Failure to Pay that occurred on or after the Issue Date and on or prior to the Maturity Date. A Grace Period Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Failure to Pay has occurred and indicate that date of the occurrence. A Grace Period Extension Notice shall be subject to the requirements regarding notices contained in Condition 13 (*Notices*);

“Hedge Unwind Costs” means, with respect to any Series of Notes in respect of which “Hedge Unwind Adjustment” is specified as applying in the applicable Final Terms, the costs of unwinding any associated hedging transactions following the occurrence of a Credit Event.

“Highest” means, with respect to the Reference Obligation on the relevant Valuation Date, the highest Quotation obtained by the Calculation Agent with respect to such Reference Obligation on such date;

“Interest Payment Cut-off Date” means in respect of the Notes and any date which is an Interest Payment Date, the third Payment Business Day preceding such Interest Payment Date and in respect of any date which is not an Interest Payment Date, the third Business Day preceding the Maturity Date.

“Interest Period Date” means each date specified as such in the applicable Final Terms, provided that if no dates are so specified, the Interest Period Dates shall be each Interest Payment Date;

“Latest Permissible Physical Settlement Date” means the date that, in respect of CLN Term 5(f)(ii)(A), is thirty calendar days after the Physical Settlement Date and, in respect of CLN Term 5(f)(ii)(B) and (C), the date that is fifteen Business Days after the Physical Settlement Date;

“Listed” means an obligation that is quoted, listed or ordinarily purchased and sold on an exchange;

“Loan” means any obligation of a type included in the Borrowed Money Obligation Category that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement and shall not include any other type of Borrowed Money;

“Market” means, with respect to the Reference Obligation on the relevant Valuation Date, the Market Value determined by the Calculation Agent with respect to such Reference Obligation on such date;

“Market Value” means, with respect to an Obligation on a Valuation Date, (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (d) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained (and subject to sub-paragraph (b) of the definition of “Quotation” below), an amount determined by the Calculation Agent on the next Business Day on which at least two Full Quotations or a Weighted Average Quotation is obtained; and (f) if two or more Full Quotations are not obtained within the additional ten Business Day period set forth in sub-paragraph (b) of the definition of “Quotation” below, the Market Value shall be determined as provided in such sub-paragraph (b);

“Maximum Maturity” means an obligation that has a remaining maturity from the Physical Settlement Date of not greater than the period specified in the applicable Final Terms;

“Milan Business Day” means a day other than a Saturday or Sunday on which commercial banks are generally open for business in Milan;

“Minimum Quotation Amount” means U.S.\$1,000,000 (or its equivalent in the Obligation Currency);

“Multiple Holder Obligation” means an Obligation that (i) at the time of the event which constitutes a Restructuring Credit Event is held by more than three holders that are not Affiliates of each other and (ii) with respect to which a percentage of holders (determined pursuant to the terms of the Obligation as in effect on the date of such event) at least equal to sixty-six-and-two-thirds is required to consent to the event which constitutes a Restructuring Credit Event, provided that any Obligation that is a Bond shall be deemed to satisfy the requirement in (ii) above;

“Non-Capped Reference Entity” means, unless otherwise specified in the Final Terms, a Reference Entity, if the Physical Settlement Matrix is applicable, corresponding to a Transaction Type in respect of which “60 Business Day Cap on Settlement” is expressed as not applying in the Physical Settlement Matrix.

“Not Bearer” means any obligation that is not a bearer instrument unless interests with respect to such bearer instrument are cleared via the Euroclear System, Clearstream, Luxembourg or any other internationally recognised clearing system;

“Not Contingent” means any obligation having as of the Delivery Date and all times thereafter an outstanding principal balance or, in the case of obligations that are not Borrowed Money, a Due and Payable Amount, that pursuant to the terms of such obligation may not be reduced as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). A Convertible Obligation, an Exchangeable Obligation and an Accreting Obligation shall satisfy the Not Contingent Deliverable Obligation Characteristic if such Convertible Obligation, Exchangeable Obligation or Accreting Obligation otherwise meets the requirements of the preceding sentence so long as, in the case of a Convertible Obligation or an Exchangeable Obligation, the right (A) to convert to exchange such obligation or (B) to require the issuer to purchase or redeem such obligation (if the issuer has exercised or may exercise the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the Delivery Date;

“Not Domestic Currency” means any obligation that is payable in any currency other than the Domestic Currency;

“Not Domestic Issuance” means any obligation other than an obligation that was, at the time the relevant obligation was issued (or reissued, as the case may be) or incurred, intended to be offered for

sale primarily in the domestic market of the relevant Reference Entity. Any obligation that is registered or qualified for sale outside the domestic market of the relevant Reference Entity (regardless if whether such obligation is also registered or qualified for sale within the domestic market of the relevant Reference Entity) shall be deemed not to be intended for sale primarily in the domestic market of the Reference Entity;

“Not Domestic Law” means any obligation that is not governed by the laws of (a) the relevant Reference Entity, if such Reference Entity is a Sovereign, or (b) the jurisdiction of organisation of the relevant Reference Entity, if such Reference Entity is not a Sovereign;

“Not Sovereign Lender” means any obligation that is not primarily owed to a Sovereign or Supranational Organisation, including, without limitation, obligations generally referred to as “Paris Club debt”;

“Not Subordinated” means an obligation that is not Subordinated to (A) the most senior Reference Obligation in priority of payment or, (B) if no Reference Obligation is specified in the applicable Final Terms, any unsubordinated Borrowed Money obligation of the relevant Reference Entity. For purposes of determining whether an obligation satisfies the Not Subordinated Obligation Characteristic or Deliverable Obligation Characteristic, the ranking in priority of payment of each Reference Obligation shall be determined as of the later of (1) the Issue Date and (2) the date on which such Reference Obligation was issued or incurred and shall not reflect any change to such ranking in priority of payment after such later date;

“Notice Delivery Period” means the period from and including the Issue Date to and including:

- a) the Maturity Date;
- b) the Grace Period Extension Date if:
 - i) Grace Period Extension is specified as applicable in the applicable Final Terms;
 - ii) the Credit Event that is the subject of the Credit Event Notice is a Failure to Pay Credit Event that occurs after the Maturity Date;
 - iii) the Potential Failure to Pay with respect to such Failure to Pay occurs at or prior to 11.59 p.m., Greenwich Mean Time, on the Maturity Date; and
 - iv) the Grace Period Extension Condition is satisfied; or
- c) the Repudiation/Moratorium Evaluation Date if:
 - i) the Credit Event that is the subject of the Credit Event Notice is a Repudiation/Moratorium Credit Event that occurs after the Maturity Date;
 - ii) the Potential Repudiation/Moratorium with respect to such Repudiation/ Moratorium occurs at or prior to 11.59 p.m., Greenwich Mean Time, on the Maturity Date; and
 - iii) the Repudiation/Moratorium Extension Condition is satisfied;

“Notice of Physical Settlement” shall have the meaning specified in CLN Term 5(a). A Notice of Physical Settlement shall be subject to the requirements regarding notices contained in CLN Term 3 (*Notices*);

“Notice of Publicly Available Information” means an irrevocable notice from the Calculation Agent to the Noteholders that cites Publicly Available Information confirming the occurrence of the Credit Event or Potential Repudiation/Moratorium, as applicable, described in the Credit Event Notice or Repudiation/Moratorium Extension Notice. In relation to a Repudiation/Moratorium Credit Event, the Notice of Publicly Available Information must cite Publicly Available Information confirming the occurrence of both clauses (i) and (ii) of the definition of Repudiation/Moratorium. The notice given must contain a copy, or a description in reasonable detail, of the relevant Publicly Available Information. If a Credit Event Notice or Repudiation/Moratorium Extension Notice, as applicable, contains Publicly Available Information, such Credit Event Notice or Repudiation/Moratorium Extension Notice will also be deemed to be a Notice of Publicly Available Information. A Notice of Publicly Available Information shall be subject to the requirements regarding notices contained in CLN Term 3 (*Notices*);

“Nth Reference Entity” means, in respect of any Series of Nth -to-Default Credit-Linked Notes, the numbered Reference Entity with respect to which a Credit Event Determination Date must have occurred in order for the Notes to be redeemed in accordance with the applicable Settlement Basis. For example, if the applicable Final Terms specify that the Notes are Second-to-Default Credit-Linked Notes, then the Nth Reference Entity shall be the second Reference Entity with respect to which a Credit Event Determination Date has occurred;

“**Nth -to-Default Credit-Linked Notes**” means any Series of Notes in respect of which the Issuer purchases credit protection from Noteholders in respect of two or more Reference Entities and pursuant to which, upon the occurrence of a Credit Event and satisfaction of the Conditions to Settlement with respect to the Nth Reference Entity, the Notes will be redeemed in accordance with the relevant Settlement Basis;

“**Obligation**” means (a) any obligation of the Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee), described by the Obligation Category and having the Obligation Characteristics specified in the applicable Final Terms (but excluding any Excluded Obligation) (b) each Reference Obligation, unless specified in the applicable Final Terms as an Excluded Obligation and (c) any other obligations of the Reference Entity as specified in the applicable Final Terms;

“**Obligation Acceleration**” means one or more Obligations in an aggregate amount of not less than the Default Requirement have become due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations;

“**Obligation Category**” means Payment, Borrowed Money, Reference Obligations Only, Bond, Loan, or Bond or Loan, only one of which shall be specified in the applicable Final Terms;

“**Obligation Characteristics**” means any one or more of Not Subordinated, Specified Currency, Not Sovereign Lender, Not Domestic Currency, Not Domestic Law, Listed and Not Domestic Issuance, as specified in the applicable Final Terms; provided that if the applicable Final Terms specifies the Obligation Category as being Reference Obligations Only, then no Obligation Characteristics shall be applicable;

“**Obligation Currency**” means, with respect to an Obligation, the currency in which the Obligation is denominated;

“**Obligation Default**” means one or more Obligations in an aggregate amount of not less than the Default Requirement have become capable of being declared due and payable before they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations;

“**Outstanding Amount**” has the meaning set out in CLN Term 8(b);

“**Partial Cash Settlement Amount**” means, for each Undeliverable Obligation, Undeliverable Loan Obligation or Undeliverable Participation, save as otherwise specified in the applicable Final Terms, an amount equal to the Recovery Amount in respect of such Undeliverable Obligation, Undeliverable Loan Obligation or Undeliverable Participation;

“**Partial Cash Settlement Date**” has the meaning given to it in the applicable Final Terms, or, if such a meaning is not so specified, means the date that is three Business Days after the Latest Permissible Physical Settlement Date.

“**Partial Principal Amount**” has the meaning set out in CLN Term 7 (*Succession Event*);

“**Payment**” means any obligation (whether present or future, contingent or otherwise) for the payment or repayment of money, including, without limitation, Borrowed Money;

“**Payment Requirement**” means the amount as may be specified as such in the applicable Final Terms or its equivalent in the Obligation Currency or, if a Payment Requirement is not so specified in the applicable Final Terms, U.S.\$ 1,000,000 or its equivalent in the relevant Obligation Currency, in each case as of the occurrence of the relevant Failure to Pay or Potential Failure to Pay, as applicable;

“**Physical Settlement Cut-Off Date**” shall have the meaning specified in CLN Term 5(c);

“**Physical Settlement Date**” means the date that is:

- i) the number of Business Days specified in the applicable Final Terms; or
- ii) if such number of Business Days is not so specified, thirty (30) Business Days

after the date of delivery of the Notice of Physical Settlement;

“Physical Settlement Matrix” means the Credit Derivatives Physical Settlement Matrix Supplement to the Credit Derivatives Definitions, as most recently amended or supplemented as at the Issue Date (unless otherwise specified in the Final Terms) and as published by ISDA.

“Potential Failure to Pay” means the failure by a Reference Entity to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement under one or more Obligations, without regard to any grace period or any conditions precedent to the commencement of any grace period applicable to such Obligations, in accordance with the terms of such Obligations at the time of such failure, as determined on the basis of Publicly Available Information by the Calculation Agent;

“Potential Repudiation/Moratorium” means the occurrence of an event described in clause (i) of the definition of Repudiation/Moratorium;

“Public Source” means each of Bloomberg Service, Dow Jones Telerate Service, Reuter Monitor Money Rates Services, Dow Jones News Wire, Wall Street Journal, New York Times, Nihon Keizai Shinbun and Financial Times (and any successor publications).

“Publicly Available Information” means information that reasonably confirms any of the facts relevant to the determination that the Credit Event described in a Credit Event Notice has occurred and which (a) has been published in or on not less than two internationally recognised published or electronically displayed news sources (it being understood that each Public Source shall be deemed to qualify as such), regardless of whether the reader or user thereof pays a fee to obtain such information; provided that, if the Issuer or any of its Affiliates is cited as the sole source of such information, then such information shall not be deemed to be Publicly Available Information unless the Issuer or its Affiliate is acting in its capacity as trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation; (b) is information received from or published by (i) the relevant Reference Entity or (ii) a trustee, fiscal agent, administrative agent, clearing agent or paying agent for an Obligation; (c) is information contained in any petition or filing instituting a proceeding described in paragraph (d) of the definition of Bankruptcy against or by a Reference Entity; or (d) is information contained in any order, decree, notice or filing however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative or judicial body, provided that:

- (A) in relation to any information of the type described in (b), (c) and (d) above, each Noteholder may assume that such information has been disclosed to it without violating any law, agreement or understanding regarding the confidentiality of such information and that the Calculation Agent has not taken any action or entered into any agreement or understanding with the Reference Entity or any Affiliate of the Reference Entity that would be breached by, or would prevent, the disclosure of such information to third parties; and
- (B) Publicly Available Information need not state (a) in relation to a Downstream Affiliate, the percentage of Voting Shares owned, directly or indirectly by the Reference Entity and (b) that such occurrence (I) has met the Payment Requirement or Default Requirement, (II) is the result of exceeding any applicable Grace Period or (III) has met the subjective criteria specified in certain Credit Events;

“Qualifying Affiliate Guarantee” means a Qualifying Guarantee provided by a Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of that Reference Entity;

“Qualifying Guarantee” means an arrangement evidenced by a written instrument pursuant to which a Reference Entity irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under an obligation (the **“Underlying Obligation”**) for which another party is the obligor (the **“Underlying Obligor”**). Qualifying Guarantees shall exclude any arrangement (i) structured as a surety bond, financial guarantee insurance policy, letter of credit or equivalent legal arrangement or (ii) pursuant to the terms of which the payment obligations of the Reference Entity can be discharged, reduced, assigned or otherwise altered as a result of the occurrence or non-occurrence of an event or circumstance (other than payment). The benefit of a Qualifying Guarantee must be capable of being Delivered together with the Delivery of the Underlying Obligation;

“Qualifying Participation Seller” means any participation seller that meets the requirements specified in the applicable Final Terms. If no such requirements are specified, there shall be no Qualifying Participation Seller;

“Quotation” means each Full Quotation and the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date in the following manner:

- a) The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Dealers and, if two or more Full Quotations are not available, a Weighted Average Quotation.
- b) If the Calculation Agent is unable to obtain two or more Full Quotations or a Weighted Average Quotation on the same Business Day on or prior to the tenth Business Day following the applicable Valuation Date the Quotations shall be deemed to be any Full Quotation obtained from a Dealer at the Valuation Time on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations for the Reference Obligation obtained from Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day.
- c)
 - i) If “Include Accrued Interest” is specified in the applicable Final Terms in respect of Quotations, such Quotations shall include accrued but unpaid interest;
 - ii) “Exclude Accrued Interest” is specified in the applicable Final Terms in respect of Quotations, such Quotations shall not include accrued but unpaid interest; and
 - iii) if neither “Include Accrued Interest” nor “Exclude Accrued Interest” is specified in the applicable Final Terms in respect of Quotations, the Calculation Agent shall determine based on then current market practice in the market of the Reference Obligation, whether such Quotations shall include or exclude accrued but unpaid interest. All Quotations shall be obtained in accordance with this specification or determination.
- d) If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the outstanding principal balance for the purposes of determining the Final Price.

“Quotation Amount” means the sum so specified in the applicable Final Terms (or, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained) provided that if no such sum is specified, the Quotation Amount shall be the outstanding principal balance of the Reference Obligation;

“Quotation Method” means that only bid quotations shall be requested from Dealers in obtaining Quotations;

“Recovery Amount” means, save as otherwise specified in the applicable Final Terms, an amount in the Relevant Currency divided by the Specified Denomination which shall in turn be divided by the Best Rate Currency, if applicable, determined by the Calculation Agent as being equal to the proceeds, if any, actually received by the Issuer upon the sale or disposal of a nominal amount of the Reference Obligation(s) equal to the outstanding principal amount of the Notes, subject to deduction of any amount of any taxes, fees, or costs that may be incurred by the Issuer. For the avoidance of doubt, in the event that there is more than one Reference Obligation, the Issuer shall determine, in its sole and absolute discretion, the selection of Reference Obligations for such sale or disposal;

“Reference Entity” or **“Reference Entities”** means the entity or entities specified as such in the applicable Final Terms, and any Successor as determined by the Calculation Agent;

“Reference Obligation” means (a) each obligation (if any) specified as such or of a type described in the applicable Final Terms and (b) any Substitute Reference Obligation;

“Reference Obligations Only” means any obligation that is a Reference Obligation and no Obligation Characteristics shall be applicable to Reference Obligations Only;

“Relevant Currency” has the meaning set out in the applicable Final Terms, provided that if no such currency is specified, the Relevant Currency shall be the Specified Currency;

“Relevant Jurisdiction” has the meaning set out in the applicable Final Terms;

“Relevant Proportion” means the proportion which the principal amount of the Note or Notes the subject of an Asset Transfer Notice bears to the aggregate principal amount of all Notes outstanding (including those the subject of the Asset Transfer Notice) immediately prior to the date set for redemption;

“Remaining Amount” has the meaning set out in CLN Term 7(a)(iii);

“Repudiation/Moratorium” means the occurrence of both the following events:

- i) an authorised officer of a Reference Entity or a Governmental Authority (x) disaffirms, disclaims, repudiates or rejects, in whole, or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than the Default Requirement or (y) declares or imposes a moratorium, standstill, roll-over or deferral, whether de facto or de jure, with respect to one or more Obligations in an aggregate amount of not less than the Default Requirement; and
- ii) a Failure to Pay, determined without regard to the Payment Requirement, or a Restructuring, determined without regard to the Default Requirement, with respect to any such Obligation occurs on or prior to the Repudiation/Moratorium Evaluation Date;

“Repudiation/Moratorium Evaluation Date” means, if a Potential Repudiation/Moratorium occurs on or prior to the Maturity Date: (i) if the Obligations to which such Potential Repudiation/ Moratorium relates include Bonds, the date that is the later of (A) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (B) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, if the expiration date of any applicable Grace Period in respect of such payment date) and (ii) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium. If (i) the Repudiation/Moratorium Extension Condition is satisfied and (ii) a Credit Event Determination Date in respect of that Repudiation/ Moratorium does not occur during the Notice Delivery Period, the Final Payment Date will be the second Business Day after the Repudiation/Moratorium Evaluation Date (even if a Repudiation/ Moratorium subsequently occurs);

The **“Repudiation/Moratorium Extension Condition”** is satisfied by the delivery of a Repudiation/ Moratorium Extension Notice and, if specified as applicable in the applicable Final Terms, a Notice of Publicly Available Information, by the Issuer to Noteholders in accordance with these CLN Terms prior to the Maturity Date;

“Repudiation/Moratorium Extension Notice” means an irrevocable notice from the Issuer to the Noteholders in accordance with these CLN Terms that describes a Potential Repudiation/Moratorium that occurred on or after the Issue Date and on or prior to the Maturity Date. A Repudiation/ Moratorium Extension Notice must contain a description in reasonable detail of the facts relevant to the determination that a Potential Repudiation/Moratorium has occurred and indicate the date of the occurrence. The Potential Repudiation/Moratorium that is the subject of the Repudiation/Moratorium Extension Notice need not be continuing on the date the Repudiation/Moratorium Extension Notice is delivered. A Repudiation/Moratorium Extension Notice shall be subject to the requirements regarding notices contained in CLN Term 3 (*Notices*);

“Restructured Bond or Loan” means a Bond or Loan in respect of which the Restructuring that is the subject of a Credit Event Notice has occurred.

“Restructuring” means:

- a) with respect to one or more Obligations, including as a result of an Obligation Exchange, and in relation to an aggregate amount of not less than the Default Requirement, any one or more of the following events occurs, is agreed between the Reference Entity or a Governmental Authority and the holder or holders of such Obligation or is announced (or otherwise decreed) by the Reference Entity or a Governmental Authority in a form that is binding upon a Reference Entity, and such event is not provided for under the terms of such Obligation in effect as of the later of the Issue Date and the date as of which such obligation is issued or incurred:
 - i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
 - ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;

- iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest or (B) the payment of principal or premium;
 - iv) a change in the ranking in priority of payment of any Obligation, causing the subordination of such Obligation;
 - v) any change in the currency or composition of any payment of interest or principal; or
 - vi) any new cash advance is required to be made to the Reference Entity and/or any additional obligation of the Reference Entity is required to be bought by the holders of the Obligation by the Governmental Authority.
- b) Notwithstanding the provisions of sub-paragraph (a) of this definition of Restructuring, none of the following shall constitute a Restructuring:
- i) the payment in euros of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
 - ii) the occurrence of, agreement to or announcement of any of the events described in subparagraphs (a)(i) to (v) of this definition of Restructuring, due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
 - iii) the occurrence of, agreement to or announcement of any of the events described in subparagraphs (a) (i) to (v) of this definition of Restructuring, in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.
- c) For the purposes of subparagraphs (a) and (b) of this definition of Restructuring, the term Obligation shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in subparagraph (a) shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in subparagraph (b) shall continue to refer to the Reference Entity.
- d) Unless Multiple Holder Obligation is specified as not applicable in the applicable Final Terms, then, notwithstanding anything to the contrary in (a), (b) or (c) above, the occurrence of, agreement to or announcement of any of the events described in (a)(i) to (v) shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation;

If an Obligation Exchange has occurred, the determination as to one of the events described in subparagraphs (a)(i) to (a)(v) above has occurred, will be based on a comparison of the terms of the Obligation immediately before such Obligation Exchange and the terms of the resulting Obligation if any, immediately following such Obligation Exchange.

The Calculation Agent acting on good faith and commercially reasonable manner will make any determination required under (b) or (c) above in its sole discretion.

For the purpose of this definition, “**Obligation Exchange**” means the mandatory transfer (other than in accordance with the terms in effect as of the later of the Credit Observation Start Date and the date of issuance of the relevant Obligation) of any security, obligation or asset to holders of Obligations in exchange for such Obligations. When so transferred, such securities, obligations or assets will be deemed to be Obligations.

“**Restructuring Date**” means, with respect to a Restructured Bond or Loan, the date on which a Restructuring is legally effective in accordance with the terms of the documentation governing the Restructuring.

“**Restructuring Maturity Limitation Date**” means the date that is the earlier of (x) thirty months following the Restructuring Date, and (y) the latest final maturity date of any Restructured Bond or Loan, provided however that under no circumstances shall the Restructuring Maturity Limitation Date be earlier than the Maturity Date or later than thirty months following the Maturity Date.

“**Scheduled Termination Date**” means the date to which the Issuer has sold credit protection in respect of the Reference Entity or Reference Entities, which shall not be subject to adjustment in accordance with any Business Day Convention unless otherwise specified in the Final Terms.

“**Settlement Basis**” means Cash Settlement and/or Physical Settlement, as specified in the applicable Final Terms or Credit Event Notice.

“**Settlement Date**” means either the Cash Settlement Date or the Physical Settlement Date, as applicable;

“**Single Name Credit-Linked Notes**” means any Series of Notes in respect of which the Issuer purchases credit protection from Noteholders in respect of one Reference Entity alone and pursuant to which, upon the occurrence of a Credit Event and satisfaction of the Conditions to Settlement with respect to the single Reference Entity, the Notes will be redeemed in accordance with the relevant Settlement Basis;

“**Sovereign**” means any state, political subdivision or government, or any agency, instrumentality, ministry, department or other authority (including, without limiting the foregoing, the central bank) thereof;

“**Specified Currency**” means, for the purposes of the definitions of “Obligation Characteristic” and “Deliverable Obligation Characteristic” only, the currency or currencies specified as such in the applicable Final Terms (or, if Specified Currency is selected as an Obligation Characteristic or Deliverable Obligation Characteristic in the applicable Final Terms and no currency is so specified, any of the lawful currencies of Canada, the Federal Republic of Germany, Japan, the Republic of France, the Republic of Italy, Switzerland, the United Kingdom and the United States of America and the euro (and any successor currency to any of the aforementioned currencies), which currencies shall be referred to collectively, if applicable, in the applicable Final Terms as the “**Standard Specified Currencies**”);

“**Subordination**” means, with respect to an obligation (the “**Subordinated Obligation**”) and another obligation of the Reference Entity to which such obligation is being compared (the “**Senior Obligation**”) a contractual, trust or similar arrangement providing that (A) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity claims of the holders of the Senior Obligation will be satisfied prior to the claims of the holders of the Subordinated Obligation or (B) the holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears or is otherwise in default under the Senior Obligation. “**Subordinated**” will be construed accordingly. For purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other enhancement arrangements shall not be taken into account, except that, notwithstanding the foregoing, priorities arising by operation of law shall be taken into account where the Reference Entity is a Sovereign;

“**Substitute Reference Obligation**” means one or more obligations of the Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or, if All Guarantees is specified as applying in the applicable Final Terms, as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations, identified by the Calculation Agent in accordance with the following procedures:

- i) In the event that (A) a Reference Obligation is redeemed in whole or (B) in the opinion of the Calculation Agent (I) the aggregate amount due under any Reference Obligation has been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (II) any Reference Obligation is an underlying Obligation with a Qualifying Guarantee of the Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (III) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation.
- ii) Any Substitute Reference Obligation shall be an Obligation that (A) ranks *pari passu* (or, if no such Obligation exists, then, at the Issuer’s option, an Obligation that ranks senior) in priority of payment with such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the later of (I) the Issue Date and (II) the date on which such Reference Obligation was issued or incurred, and not reflecting any change in ranking in priority of payment after such later date) (B) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent, of the delivery and payment obligations of the Issuer and (C) is an obligation of the Reference Entity (either directly or as provider of a Qualifying Affiliate

Guarantee or, if All Guarantees is specified as applying in the applicable Final Terms, as provider of a Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation or Reference Obligations. The Calculation Agent shall notify the Noteholders of any selection of a Substitute Reference Obligation or Substitute Reference Obligations.

- iii) If there is more than one Reference Obligation, any of the events set forth under sub-paragraph (i) above has occurred with respect to one or more but not all of the Reference Obligations, and the Calculation Agent determines in accordance with sub-paragraph (i) above that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.
- iv) If there is more than one Reference Obligation, any of the events set forth under sub-paragraph (i) above has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines in accordance with sub-paragraph (i) above that at least one Substitute Reference Obligation is available for any such Reference Obligation, then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.
- v) If (A) there is more than one Reference Obligation, any of the events set forth under sub-paragraph (i) above has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines in accordance with (i) above that no Substitute Reference Obligation is available for any of the Reference Obligations, or (B) there is only one Reference Obligation, any of the events set forth in (i) above has occurred with respect to the Reference Obligation and the Calculation Agent determines in accordance with (i) above that no Substitute Reference Obligation is available for that Reference Obligation, then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the Final Payment Date. If (1) Cash Settlement is applicable or (2) Physical Settlement is applicable and the Reference Obligation is the only Deliverable Obligation and, in each case, on or prior to the Final Payment Date, a Substitute Reference Obligation has not been identified, the Issuer shall redeem the Notes on the Final Payment Date in accordance with Condition 6(a) of the Base Conditions (as modified by these CLN Terms).
- vi) For the purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligations into a different Obligation.

“Succession Event” means an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement, as determined by the Calculation Agent. Notwithstanding the foregoing, “Succession Event” shall not include an event in which the holders of obligations of the Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event;

“Successor” means (a) in relation to a Reference Entity that is not a Sovereign, an entity that directly or indirectly succeeds to all or a majority of the Relevant Obligations of the Reference Entity by way of a Succession Event and (b) in relation to a Sovereign Reference Entity, any direct or indirect successor to that Reference Entity irrespective of whether such successor assumes any of the obligations of such Reference Entity, as determined by the Calculation Agent;

“Supranational Organisation” means any entity or organisation established by treaty or other arrangement between two or more Sovereigns or the Sovereign Agencies of two or more Sovereigns and includes, without limiting the foregoing, the International Monetary Fund, European Central Bank, International Bank for Reconstruction and Development and European Bank for Reconstruction and Development;

“Transaction Type” means, unless otherwise specified in the Final Terms, for the purposes of the application of the Physical Settlement Matrix to the Notes, each Reference Entity designated as one of the following in the Final Terms:

- a) North American Corporate;
- b) European Corporate;
- c) Australian Corporate;

- d) New Zealand Corporate;
- e) Japan Corporate;
- f) Singapore Corporate;
- g) Asia Corporate;
- h) Subordinated European Insurance Corporate;
- i) Emerging European Corporate;
- j) Latin American Corporate (B);
- k) Latin American Corporate (B&L);
- l) Asia Sovereign;
- m) Emerging European & Middle Eastern Sovereign;
- n) Japan Sovereign;
- o) Australia Sovereign;
- p) New Zealand Sovereign;
- q) Singapore Sovereign;
- r) America Sovereign;
- s) Western European Sovereign;

and any other Transaction Type which may be added to the Physical Settlement Matrix from time to time.

“Transaction Type Standard Terms” means, unless otherwise specified in the Final Terms, in respect of any Transaction Type specified in the Final Terms as a Reference Entity, the relevant terms corresponding to such Transaction Type contained in the Physical Settlement Matrix.

“Transferable” means an obligation that is transferable to institutional investors without any contractual, statutory or regulatory restriction provided that none of the following shall be considered contractual, statutory or regulatory restrictions:

- a) contractual, statutory or regulatory restrictions that provide for eligibility for resale pursuant to Rule 144A or Regulation S promulgated under the United States Securities Act of 1933, as amended (and any contractual, statutory or regulatory restrictions promulgated under the laws of any jurisdiction having a similar effect in relation to the eligibility for resale of an obligation); or
- b) restrictions on permitted investments such as statutory or regulatory investment restrictions on insurance companies and pension funds;

“Uncured Default” means a Potential Failure to Pay has occurred and neither a Credit Event as a result of a Failure to Pay nor a Default Correction Date has occurred.

“Undeliverable Loan Obligations”, “Undeliverable Obligations” and “Undeliverable Participations” shall each have the meaning specified in CLN Term 5(f)(ii);

“Underlying Obligation” has the meaning set out in “Qualifying Guarantee”;

“Underlying Obligor” has the meaning set out in “Qualifying Guarantee”;

“Valuation Date” means:

- a) if “Single Valuation Date” is specified in the applicable Final Terms, the date that is the number of Business Days specified in the Final Terms after satisfaction of all Conditions to Settlement or, if the number of Business Days is not so specified, five Business Days; and

- b) if “Multiple Valuation Dates” is specified in the applicable Final Terms, each of the following dates:
- i) the date that is the number of Business Days specified in the Final Terms after satisfaction of all Conditions to Settlement (or, if the number of Business Days is not so specified, five Business Days); and
 - ii) each successive date that is the number of Business Days specified in the Final Terms (or, if the number of Business Days is not so specified, five Business Days) after the date on which the Calculation Agent obtains a Market Value with respect to the immediately preceding Valuation Date.

When “Multiple Valuation Dates” is specified in the applicable Final Terms, the total number of Valuation Dates shall be equal to the number of Valuation Dates specified in the Final Terms (or, if the number of Valuation Dates is not so specified, five Valuation Dates).

If neither “Single Valuation Date” nor “Multiple Valuation Dates” is specified in the in the applicable Final Terms, Single Valuation Date shall apply.

“**Valuation Method**” means Market or Highest, as specified in the applicable Final Terms Average Market, Average Highest, Blended Market, Blended Highest, Average Blended Market or Average Blended Highest;

“**Valuation Time**” means such time as is specified in the applicable Final Terms;

“**Voting Shares**” shall mean those shares or other interests that have the power to elect the board of directors or similar governing body of an entity; and

“**Weighted Average Quotation**” means, in accordance with the Quotation Method, the weighted average of firm quotations obtained from Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of any Deliverable Obligation with an outstanding principal balance of as large a size as available but less than the Quotation Amount (but of a size equal to the Minimum Quotation Amount or, if quotations of a size equal to the Minimum Quotation Amount are not available, quotations as near in size as practicable to the Minimum Quotation Amount) that in the aggregate are approximately equal to the Quotation Amount.

OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to “**Noteholder**” are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary (in the case of a CGN) or a common safekeeper (in the case of an NGN) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary or, as the case may be, common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an “**Accountholder**”) must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder’s share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note.

Exchange of Temporary Global Notes

Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the relevant Issuer shall procure:

- (a) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated and (in the case of an NGN) effectuated, to the bearer of the Temporary Global Note; or
- (b) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Note in accordance with its terms,

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and received by the Fiscal Agent against presentation and (in the case of final exchange) surrender of the Temporary Global to or to the order of the Fiscal Agent within 7 days of the bearer requesting such exchange.

Whenever a Temporary Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons, Talons and Receipts attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 45 days of the bearer requesting such exchange.

If:

- (a) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (Luxembourg time) on the seventh day after the bearer of a Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (b) Definitive Notes have not been delivered by 5.00 p.m. (Luxembourg time) on the forty-fifth day after the bearer of a Temporary Global Note has requested exchange of the Temporary Global Note for Definitive Notes; or
- (c) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m.

(Luxembourg time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (Luxembourg time) on such forty-fifth day (in the case of (b) above) or at 5.00 p.m. (Luxembourg time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under the Deeds of Covenant. Under the Deeds of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the relevant Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Where the Notes are listed on the Luxembourg Stock Exchange and its rules so require, the Issuer will give notice of the exchange of the Permanent Global Note for Definitive Notes pursuant to Condition 13 (*Notices*).

Exchange of Permanent Global Notes

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and, where applicable, with Coupons, Talons and Receipts attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 45 days of the bearer requesting such exchange.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (Luxembourg time) on the forty-fifth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) a Permanent Global Note (or any part of it) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Permanent Global Note in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (Luxembourg time) on such forty-fifth day (in the case of (a) above) or at 5.00 p.m. (Luxembourg time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deeds of Covenant). Under the relevant Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the relevant Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Where the Notes are listed on the Luxembourg Stock Exchange and its rules so require, the relevant Issuer will give notice of the exchange of the Permanent Global Note for Definitive Notes pursuant to Condition 13 (*Notices*).

Conditions applicable to Global Notes

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

Payments: All payments in respect of the 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 Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the relevant Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the relevant Issuer shall procure that, in respect of a CGN, the payment is noted on a schedule thereto and, in respect of an NGN, the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Exercise of put option: In order to exercise the option contained in Condition 5(i) (*Redemption at the option of holders of Notes*), the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and Put Option Notice, give written notice of such exercise to the Fiscal 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.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 5(f) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the relevant Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg, at their discretion, as either a pool factor or a reduction in principal amount).

Notices: Notwithstanding Condition 13 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depositary, common depositary or common safekeeper (as the case may be) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 13 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system; *provided, however, that*, so long as the Notes are listed on the Luxembourg Stock Exchange and its rules so require, notices will also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu).

USE OF PROCEEDS

The net proceeds of the issue of each Tranche of Notes will be used for the general corporate purposes of the relevant Issuer.

INFORMATION ON MEDIOBANCA - BANCA DI CREDITO FINANZIARIO S.p.A.

*This section of the Base Prospectus reflects the contents of paragraphs 4, 5 (except for 5.1.3, 5.1.4 and 5.1.5), 6, 9, 10 and 12 of the registration document published in Italian language by Mediobanca on 20 November 2008 and approved by CONSOB pursuant to CONSOB Regulation No. 11971 of 14 May 1999 (as amended) (the “**Mediobanca Registration Document**”). Pursuant to Article 28.4 of Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive, Mediobanca confirms that the parts of the Mediobanca Registration Document not incorporated in this section of the Base Prospectus are not relevant of the investors or covered elsewhere in this Base Prospectus, namely: paragraph 3 (Risk Factor) of the Mediobanca Registration Document under section named Risk Factor on page 21 of this Base Prospectus; paragraph 11 (Financial information regarding the assets and liabilities, financial situation and profit and loss of the Mediobanca) of the Mediobanca Registration Document under section named Financial Information of Mediobanca - Banca di Credito Finanziario S.p.A. on page 103 of this Base Prospectus.*

History and development of Mediobanca

Legal status and information

Mediobanca - Banca di Credito Finanziario S.p.A. was set up on 10 April 1946 by virtue of a notarial deed drawn up by Notary public Arturo Lovato, file no. 3041/52378. Mediobanca is a joint stock company incorporated under Italian law registered in the Milan Companies' Register under Registration no. 00714490158 having its registered office and administrative headquarters in Piazzetta Enrico Cuccia 1, 20121 Milan, Italy, tel. no.: (0039) 02-88291. Mediobanca operates under Italian law, and the court of Milan has jurisdiction over any disputes arising against it.

Important events in Mediobanca's recent history

Since the reporting date there have been no negative changes either to the financial position or prospects of either Mediobanca or the Group headed up by it.

Neither Mediobanca nor any company in the Group have carried out transactions that have materially affected or that might be reasonably expected to materially affect, Mediobanca's ability to met its obligations towards the holders of its debt securities.

Standard&Poor's rated Mediobanca AA-/Negative/A-1+ on 18 November 2008 - see www.mediobanca.it for further details.

Business Overview

Principal activities

With the launch of the Group's new three-year business plan with effect from 1 July 2008, its areas of operation have been segmented differently into three divisions: corporate and investment banking (CIB), which includes wholesale banking and leasing; principal investing (PI), which brings together the Group's investments in Assicurazioni Generali, RCS MediaGroup and stakes taken as part of merchant banking and private equity activities; and retail and private banking, consisting of consumer credit, CheBanca! and private banking (with the pro-rata contribution of Banca Esperia as is customary).

Mediobanca is a financial services group operating in the sectors of corporate finance, investment banking and private banking, plus in retail financial services and equity investment. Mediobanca has a market capitalization of over €7 billion.

Consolidated financial information as at 30/06/08

€m	<i>Wholesale banking</i>	<i>Equity investment</i>	<i>Retail financial services</i>	<i>Private banking</i>	Total
	<i>Coverage and corporate finance</i>	<i>Assicurazioni Generali</i>	<i>Consumer credit</i>	<i>Asset management</i>	
	<i>Lending and structured finance</i>	<i>RCS MediaGroup</i>	<i>Mortgage lending</i>	<i>Trustee business</i>	
	<i>Capital markets</i>		<i>Leasing</i>		
PROFIT AND LOSS ACCOUNT					
NET INTEREST INCOME	258 35%	-12 -2%	465 62%	39 5%	745
TOTAL INCOME	629 36%	471 27%	534 31%	139 8%	1,735
GROSS OPERATING PROFIT	391 33%	462 39%	281 23%	64 5%	1,193
NET PROFIT	454 45%	490 48%	15 1%	56 6%	1,015

Wholesale banking

Mediobanca aims to provide its corporate clients with the advisory services and financial services they need to help them grow and develop.

The wholesale banking division comprises three different units:

Coverage and corporate finance

This area is responsible for maintaining close contact with our clients, to meet their needs for growth and development through corporate finance services to be executed under mandate. It is organized into different industry teams covering individual industries in order to provide greater focus.

Corporate finance involves the following activities:

- defining strategic objectives for companies and identifying extraordinary financing transactions in order to help meet them;
- extraordinary financing transactions: mergers and acquisitions, joint ventures and partnerships, disposals and spinoffs;
- liability restructuring: earnings/financial analysis of companies/groups undergoing restructuring; working out financial rebalancing scenarios; negotiating with key creditors;
- corporate restructuring: LBOs, MBOs, spinoffs and tax-/inheritance-related issues;
- company valuations, on a standalone basis and for purposes of setting exchange ratios;
- relations with authorities: assistance in handling relations with market and regulatory authorities, principally CONSOB and Borsa Italiana.

Lending and structured finance

This area is responsible for structuring lending transactions, and for the related activity of buying and selling loans over the secondary market.

The main products are:

- **corporate lending:** financing transactions, which are generally medium-to-long term, and are granted with a view to meeting clients' needs for financing in connection either with specific investments or structural needs generated by growth. Loans may be disbursed to all kinds of corporate clients, whether industrial or service-oriented, Italian or non-Italian, large or medium-sized. Loans do not generally have pre-defined structures, and there are no limits in terms of amount. Larger facilities may be syndicated among a select number of trusted banking counterparties, or with the broader involvement of Italian and international banks;
- **structured finance:** transactions involving a considerable degree of financial leverage. Such deals usually arise as a result of industrial or infrastructure capital spending requirements, or of acquisitions of listed or non-listed companies launched *inter alia* with the backing of institutional investors. Such facilities are often structured in complex fashion, including in terms of contracts and guarantees, in order to maintain the risk profile of the transaction within limits that are acceptable to the banking market. Because of their size, such loans are often syndicated.

Capital markets

Mediobanca is an active player on both the primary and secondary markets for equities, fixed income securities, foreign exchange, and credit, interest rate and exchange rate derivatives.

Insofar as primary market activities are concerned, these are divided into the following areas of operation:

- **equity capital market:** structures and placement of equity instruments, e.g. in the form of IPOs and rights issues, and equity-linked products such as convertible/exchangeable bonds and warrants;
- **debt capital market:** structures and placement of debt instruments such as bonds and/or asset-backed securities issued by corporate clients or financial institutions;
- **funding:** structures and placement of debt-instruments (structured and unstructured) issued to finance its own financial meanings.

Secondary market activity covers all regulated markets (trading-floor and screen-based) and non-regulated markets (OTC) on which financial assets are traded subsequent to their issue. Mediobanca performs the following activities:

- taking shareholdings and acquiring AFS securities and otherwise investing in the share capital of leading companies, who are generally leaders in their respective spheres of activity and listed in Italy and/or elsewhere, with a view to contributing to value creation over a medium-term time horizon, including through representation on investee companies' governing bodies; as at 30/6/08 the main investments held as part of the trading book were as follows:

Company	Sector	% of share capital	Book value as at 30/6/08 (€m)	Share of AFS valuation reserve (€m)
Fiat	Automotive	1.66%	220.2	154.0
Gemina	Transport-related services	12.53%	143.4	(68.8)
Pirelli & C	Tyres/cables/TMT	4.49%	105.5	(35.7)
Italmobiliare	Cement	5.47%	105.3	70.7
Other listed securities			515.2	(193.1)
Other non-listed securities			498.7	56.3

- equity and derivatives trading desk (proprietary trading);
- client trading and order collection and equity sales and research
- asset and liability management, i.e. managing interest rate risk on the Bank's assets and liabilities, and proprietary trading in fixed-income securities and interest/exchange rate derivative products.

Principal investing

In view of the size of the investment and the role played by the Bank in the two companies' governance, as at 30 June 2008 the values reflected by the shareholdings in Assicurazioni Generali and RCS Mediagroup were as follows:

Company	Sector	% of share capital	Book value as at 30/6/08 (€m)	Stock market value as at 30/6/08 (€m)
Strategic/permanent investments				
Assicurazioni Generali	Insurance	14.05% ⁽¹⁾	1,813.5	4,829.4
RCS Mediagroup	Publishing and media	14.36%	303.7	159.0

(1) Includes 1.06% of Assicurazioni Generali held by other Group companies.

Retail financial services

Mediobanca has a footprint in this sector through its group companies. It has operations in consumer credit through Compass S.p.A., retail banking services including mortgage lending through CheBanca! (previously Micos Banca), credit management on behalf of third parties (through Creditech), in factoring (through Cofactor) and leasing (through SelmaBipiemme Leasing, Palladio Leasing and Teleleasing).

Consumer credit

Compass is one of the leading independent consumer credit operators in Italy. The company provides finance for the purchase of motor vehicles and other consumer durable goods, and provides personal loans and revolving credit via credit cards and salary-backed finance.

Compass operates throughout Italy, with a network of 121 branches and approx. 27,000 points of sale. In the twelve months ended 30 June 2008 it disbursed finance amounting to some €2.6 billion.

As at the balance-sheet date it had approx. €4 billion in loans outstanding, plus a total of 640 staff on the books.

On 27 June 2008 Compass acquired from Banca Popolare di Vicenza, Banco Popolare and other banking shareholders 100% of Linea, a company with operations in the consumer credit sector both in its own right (including pursuant to commercial agreements with banks) and via its subsidiaries Equilon (100%-owned), Futuro (100%-owned) and Ducati Financial Services (50%-owned). On 22 October of the same year Linea and Equilon were merged into the parent company Compass; Futuro and Ducati Financial Services remain separate legal entities. The Linea group companies have been consolidated as from the date of acquisition with respect to balance-sheet data only in the financial statements for the year to 30 June 2008. At that date the Linea group had loans of €4.3 billion, 47 branches and 798 staff.

Retail banking - CheBanca! (formerly Micos Banca)

In April 2008 a resolution was adopted in general meeting to change the name of Micos Banca to CheBanca!. In May 2008 the CheBanca! retail banking platform was launched, with a new remote channel being initiated (online and call centres), branches featuring a new concept in design being opened (initially 9), and the product range being expanded to include current accounts, deposit accounts and credit cards, in addition to mortgage products already distributed by the network under the Micos Banca brand (29 branches, 5 of which in France).

As at 30 June 2008 outstanding loans totalled €2.7 billion and direct funding €50m. The company employed a total of 470 staff, 235 of whom in the former Micos network.

Leasing

Mediobanca owns 60% of SelmaBipiemme Leasing via Compass, with the other 40% being held by Banca Popolare di Milano. Selma owns 100% of Palladio Leasing, which operates exclusively in North-East Italy, and 80% of Teleleasing (the other 20% being owned by Telecom Italia), a company which chiefly provides operating leases. The SelmaBipiemme Leasing group, which operates via branches, agents and in particular bank networks, including those of Banca popolare di Milano and Banca Popolare di Vicenza, is one of the top ten operators in this sector. In the year ended 30 June 2008 the group disbursed some €1.7 billion in finance. As at 30 June 2008, leases outstanding totalled some €4.8 billion, and the SelmaBipiemme group's headcount numbered 233 staff (137 of whom employed by SelmaBipiemme, 63 by Palladio, and 33 by Teleleasing); shared between its head office and 14 branches (10 SelmaBipiemme, 4 Palladio).

Private banking

The range of services offered to clients by the Mediobanca Group includes private banking, via Banca Esperia and Compagnie Monégasque de Banque.

- Banca Esperia was set up in July 2000 as a joint venture between the Mediobanca and Mediolanum groups with the aim of becoming the private banker of choice for high net worth clients, offering them portfolio management, advisory and financing services. Independence, operational autonomy, focus on private banking activities, and excellence and quality of service, are the hallmarks of a bank which has €11 billion in assets under management and branches in Bergamo, Bologna, Brescia, Florence, Genoa, Milan, Modena, Naples, Padua, Parma, Rome and Turin.
- Compagnie Monégasque de Banque (“CMB”) is 100%-owned by Mediobanca. CMB is market leader in the Principality of Monaco, with total deposits of over €8 billion. Its geographical position, in-depth knowledge of markets and reputation for absolute discretion make it a player of primary importance in the private banking industry, which can provide exclusive services to its client, ranging from loans to property investments.

Brief description of the Mediobanca's principal activities, with an indication of the main categories of products sold and/or services provided

Mediobanca's purpose is to raise funds and provide credit in any of the forms permitted, especially medium- and long-term credit to corporates.

Within the limits laid down by current regulations, Mediobanca may execute all banking, financial and intermediation-related operations and services, and carry out any transaction deemed to be instrumental to or otherwise connected with the achievement of Mediobanca's purpose.

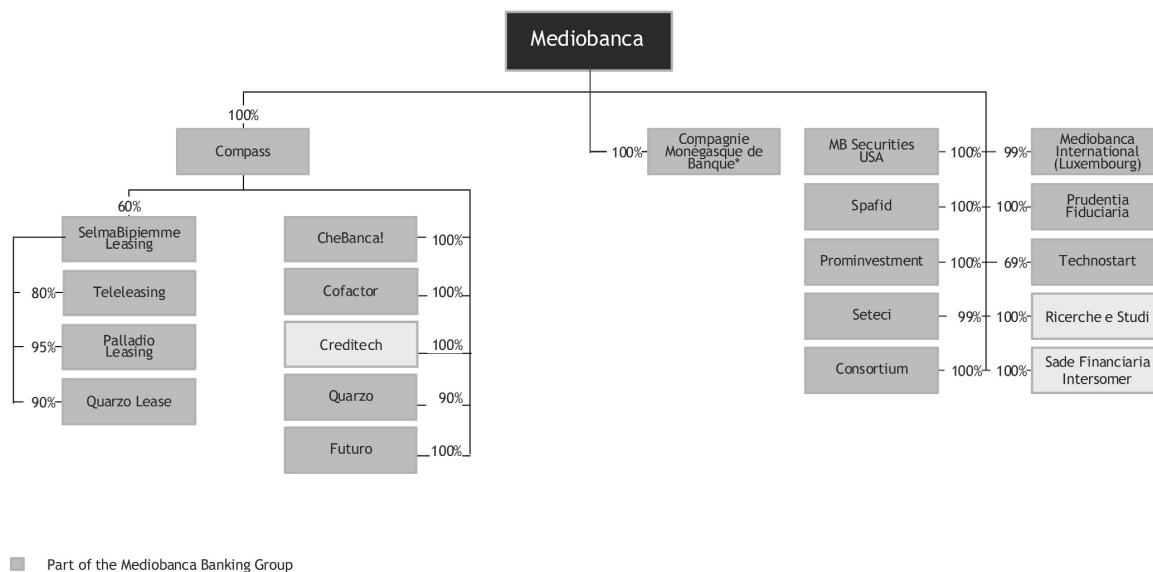
Organizational Structure

Description of organizational structure of group headed up by Mediobanca

The Mediobanca Group is registered as a banking group in the register instituted by the Bank of Italy.

The following diagram illustrates the structure of the Mediobanca as at the date hereof.

The merger of Linea and Equilon into Compass took effect as from 1 November 2008.



* Compagnie Monégasque de Banque controlla inoltre: C.M.G. Compagnie Monégasque de Gestion (99,70%), C.M.I. Compagnie Monégasque Immobiliare (99,94%), S.M.E.F. Soc. Monégasque des Etudes Financieres (99,92%), CMB Asset Management (99,50%), Monoeci (99%), part of the Mediobanca Banking Group, and also Moulins 700 (99,80%)

Bodies Responsible for governance, management and supervision of Mediobanca

Information on governing bodies

At an extraordinary general meeting held on 28 October 2008, the shareholders of Mediobanca approved new Articles of Association for the company, based on the so-called “traditional” method of corporate governance.

Since the Supervisory Board meeting held on 30 July 2008, a series of critical issues had been analysed that had arisen in connection with the functioning of the dualistic system. Accordingly, it was considered appropriate to review the entire governance system, including in view of the deadline set by the Bank of Italy to this end of 30 June 2009.

In light of the above, a proposal was developed to adopt the so-called traditional system of governance based on Articles of Association offering significant innovation compared to the model adopted by Mediobanca prior to the dualistic system, and to common practice. The new system of governance is therefore to be seen as a natural development which retains the positive aspects of the Bank’s experience under the dualistic system, while at the same time helping to resolve various difficulties encountered in application of them.

The main points approved by shareholders in general meeting are as follows:

- The Board of Directors (“BoD”), appointed by shareholders in general meeting via a voting list in line with provisions currently in force, comprises up to twenty-three members, one of whom is reserved to minority shareholders. Of the Directors thus appointed, five are managers with at least three years’ experience of the Mediobanca Banking Group, two qualify as independent as defined by the Code of Conduct for Listed Companies issued by Borsa Italiana, and three as independent as defined by Article 148, paragraph 3 of Italian Legislative Decree 58/98.
- The BoD is responsible for management of the company, and exercises such management through the Executive Committee (“EC”), the Chief Executive Officer (“CEO”) and the General Manager (“GM”).
- In addition to matters reserved to the competence of the BoD under law or applicable secondary regulation in force, the BoD is also responsible for: trading involving equity investments in excess of

15% of the holding owned at the start of each financial year in Assicurazioni Generali, RCS MediaGroup and Telco; and acquisition or disposal of stakes that lead to alterations in the Banking Group's scope of consolidation in amounts of over €500 million, or otherwise of investments worth in excess of €750 million.

- The BoD is also responsible for appointing and dismissing the EC, the CEO and the GM, the head of company financial reporting, and the heads of the internal audit and compliance units.
- The BoD normally adopts resolutions at the proposal of the EC or the CEO, with a majority of those in attendance voting in favour, while a majority of all directors in office is required for resolutions on appointments to the EC or to the posts of CEO or GM.
- The BoD establishes three committees from among its own number:
 - an Internal control committee, made up of three independent members, which has powers of consultation and enquiry with respect to the Bank's systems of internal control and risk management, and the structure of its IT and financial reporting organization;
 - a Remunerations committee, made up of seven non-executive members, with powers of consultation and enquiry to determine the remuneration of directors vested with particular duties and the GM; the committee also gives its opinion on the guidelines for the remuneration and staff retention policies operated by the Group;
 - an Appointments committee, made up of six members and including *de jure* the Chairman of the BoD, the Deputy Chairman of the EC and the CEO. This committee, based on the CEO's proposal having sought the Chairman's opinion, adopts decisions to be taken in respect of appointments to the governing bodies of Assicurazioni Generali, RCS MediaGroup and Telco. The Committee also has powers of enquiry in respect of proposals for submission of lists for the BoD, and for the appointment of the EC, CEO and GM; for these duties a Director qualifying as independent is added to the committee if none are already represented on it.
- The EC comprises a total of nine members, including *de jure* the Chairman of the BoD and the five directors from the Mediobanca Group management. The EC appoints an Acting Deputy Chairman from among its own number, and is responsible for managing the ordinary activities of the Bank. In particular the EC is responsible for operating performance, approves resolutions to grant loans and in respect of trading involving the Group's interests in Assicurazioni Generali, RCS MediaGroup and Telco, as well as the other shareholdings for amounts and percentage values not to exceed those for which the BoD alone is competent. The EC adopts resolutions with a majority of its members voting in favour.
- The CEO, who is chosen from among the Mediobanca Group's senior management, has executive powers and is responsible for staff management, and for execution of resolutions adopted by the BoD and EC. He is empowered to make proposals to the latter, in particular with reference to management direction, proposed strategic plans and budgets, draft financial statements and interim accounts, and decisions to be taken at general meetings of Assicurazioni Generali, RCS MediaGroup and Telco.
- The Statutory Audit Committee comprises three standing and two alternate auditors. Appointments to the Statutory Committee are also made on the basis of lists submitted by shareholders representing at least the percentage of the company's share capital stipulated in regulatory provisions in force at the time (currently one percent). The mechanism for appointments provides that the Chairman of the Statutory Audit Committee is chosen from the minority list.

Appointments to the new governing bodies were also made at the annual general meeting held on 28 October 2008.

Board of Directors

Members of the Board of Directors are:

Name	Post held	Place and date of birth	Term expires on	Main posts held by Directors outside of Mediobanca (**)
Cesare Geronzi (*)	Chairman	Marino, 15/2/35	30/6/11	-
Dieter Rampl	Deputy Chairman	Monaco, 5/9/47	30/6/11	- UNICREDIT S.p.A. - Chairman, BoD - BABCOCK & BROWN LIMITED - Director - BAYERISCHE BORSE AG - Chairman of the Supervisory Board - F.C. BAYERN MUNCHEN AG - Member of the Supervisory Board - KOENIG & BAUER AG - Chairman of the Supervisory Board

Name	Post held	Place and date of birth	Term expires on	Main posts held by Directors outside of Mediobanca (**)
Marco Tronchetti Provera	Deputy Chairman	Milan, 18/1/48	30/6/11	<ul style="list-style-type: none"> - CAMFIN S.p.A. - Chairman, BoD - CONFINDUSTRIA - Member of steering committee - GRUPPO PARTECIPAZIONI INDUSTRIALI - GPI S.p.A. - Chairman, BoD - PIRELLI & C REAL ESTATE S.p.A. - Chairman, BoD - PIRELLI & C S.p.A. - Chairman, BoD - PIRELLI TYRE S.p.A. (Formerly PIRELLI PNEUMATICI S.p.A.) - Chairman, BoD
Alberto Nagel (*)	Chief Executive Officer (***)	Milan, 7/6/65	30/6/11	<ul style="list-style-type: none"> - ASSICURAZIONI GENERALI - SOCIETÀ PER AZIONI - Director - BANCA ESPERIA S.p.A. - Director
Renato Pagliaro (*)	General Manager (***)	Milan, 20/2/57	30/6/11	<ul style="list-style-type: none"> - BURGO GROUP S.p.A. - Director - ISTITUTO EUROPEO DI ONCOLOGIA SRL (parent company) - Standing auditor - PIRELLI & C S.p.A. - Director - RCS MEDIAGROUP S.p.A. - Director - TELECOM ITALIA S.p.A. - Director
Jean Azema	Director	Pantin, 23/2/53	30/6/11	<ul style="list-style-type: none"> - GROUPAMA SA - Directeur Général - SOCIETE GENERALE SA - Administrateur - BOLLORE - Représentant Permanent - GROUPAMA INTERNATIONAL - Président - VEOLIA ENVIRONNEMENT - Administrateur
Gilberto Benetton	Director	Treviso, 19/6/41	FY ending 30/6/11	<ul style="list-style-type: none"> - EDIZIONE HOLDING S.p.A. - Chairman, BoD - AUTOGRILL S.p.A. - Chairman, BoD - SINTONIA S.p.A. - Chairman, BoD - ATLANTIA S.p.A. - Director - BENETTON GROUP S.p.A. - Director - ALLIANZ S.p.A. - Director - PIRELLI & C S.p.A. - Director
Marina Berlusconi	Director	Milan, 10/8/66	FY ending 30/6/11	<ul style="list-style-type: none"> - FINANZIARIA D'INVESTIMENTO FININVEST S.p.A. O, IN FORMA ABBREVIATA "FININVEST S.p.A." - Chairman, BoD - ARNOLDO MONDADORI EDITORE S.p.A. - Chairman, BoD - MEDIASET S.p.A. - Director
Antoine Bernheim	Director	Paris, 4/9/24	FY ending 30/6/11	<ul style="list-style-type: none"> - ASSICURAZIONI GENERALI - SOCIETÀ PER AZIONI - Chairman, BoD - ALLEANZA ASSICURAZIONI S.p.A. - Deputy Chairman - INTESA SANPAOLO S.p.A. - Deputy Chairman, Supervisory Board - BANCO SANTANDER, S.A. - Représentant Permanent - LVMH MOET HENNESSY LOUIS VUITTON S.A. - Vice-Président - CHRISTIAN DIOR S.A. - Administrateur - CEMENTS FRANCAIS SA - Administrateur - BOLLORE - Vice-Président - EURAZEO - Membre du Conseil de Surveillance - HAVAS - Administrateur - AMB - GENERALI HOLDING AG - Administrateur - BSI SA - Administrateur - GRAAFSCHAP HOLLAND - Administrateur

Name	Post held	Place and date of birth	Term expires on	Main posts held by Directors outside of Mediobanca (**)
Roberto Bertazzoni	Director	Guastalla, 10/12/42	FY ending 30/6/11	- SMEG S.p.A. (CapoGruppo) - Chairman, BoD - UNICREDIT BANCA S.p.A. - Director - RCS MEDIAGROUP S.p.A. - Director - ERFIN - ERIDANO FINANZIARIA S.p.A. - Director
Vincent Bollorè (*)	Director	Boulogne Billancourt, 1/4/52	FY ending 30/6/11	- BOLLORE - Président and Directeur Général - BOLLORE PARTECIPATIONS - Président and Directeur Général - FINANCIERE DE L'ODET - Président - HAVAS - Président - MATIN PLUS - Président - DIRECT SOIR - Président - NATIXIS - Membre du Conseil de Surveillance
Angelo Casò (*)	Director	Milan, 11/8/40	FY ending 30/6/11	- ALCHERA S.p.A. - Chairman, Statutory Audit Committee - BENETTON GROUP S.p.A. - Chairman, Statutory Audit Committee - BRACCO S.p.A. - Chairman, Statutory Audit Committee - FIDITALIA S.p.A. - Chairman, Statutory Audit Committee - INDESIT COMPANY S.p.A. - Chairman, Statutory Audit Committee - SINTONIA S.p.A. - Chairman, Statutory Audit Committee - VITTORIA ASSICURAZIONI S.p.A. - Chairman, Statutory Audit Committee - BARCLAYS PRIVATE EQUITY S.p.A. - Standing Auditor
Maurizio Cereda (*)	Director (***)	Milan, 7/1/64	FY ending 30/6/11	- ANSALDO STS S.p.A. - Director - ENERVIT S.p.A. - Director
Massimo Di Carlo (*)	Director (***)	Rovereto, 25/6/63	FY ending 30/6/11	- Mediobanca International (Luxembourg) S.A. - Chairman, BoD
Ennio Doris	Director	Tombolo, 3/7/40		- BANCA ESPERIA S.p.A. - Director - BANCA MEDIOLANUM S.p.A. - Chairman, BoD - MEDIOLANUM S.p.A. - CEO - SAFILO GROUP S.p.A. - Director
Pietro Ferrero	Director	Turin, 11/9/63	FY ending 30/6/11	- FERRERO S.p.A. - Chairman, BoD - ALLIANZ S.p.A. - Director - ITALCEMENTI S.p.A. - Director
Jonella Ligresti	Director	Milan, 23/3/67	FY ending 30/6/11	- FINADIN S.p.A. - Director - FONDIARIA SAI S.p.A. - Chairman, BoD - GILLI S.R.L. - Vice Presidente CDA - ITALMOBILIARE S.p.A. - Director - MILANO ASSICURAZIONI S.p.A. - Director - PREMAFIN FINANZIARIA S.p.A. HOLDING DI PARTECIPAZIONI - Deputy Chairman, BoD - RCS MEDIAGROUP S.p.A. - Director - SAI HOLDING ITALIA S.p.A. - Chairman, BoD
Fabrizio Palenzona	Director	Novi Ligure, 1/9/53	FY ending 30/6/11	- UNICREDIT S.p.A. - Deputy Chairman, BoD - AEROPORTI DI ROMA S.p.A. - Chairman, BoD - AISCAT S.p.A. - Chairman, - AVIVA ITALIA S.p.A. - Chairman, BoD

Name	Post held	Place and date of birth	Term expires on	Main posts held by Directors outside of Mediobanca (**)
				- FONDAZIONE CASSA DI RISPARMIO DI ALESSANDRIA - Director
Marco Parlangei	Director	Siena, 20/2/60	FY ending 30/6/11	- F2I - FONDI ITALIANI PER LE INFRASTRUTTURE SOCIETÀ DI GESTIONE DEL RISPARMIO S.p.A. - Director - FONDAZIONE MONTE DEI PASCHI DI SIENA - General Manager - FONDAZIONE ACCADEMIA CHIGIANA - Director
Carlo Pesenti	Director	Milan, 30/3/63	FY ending 30/6/11	- CIMENTS FRANCAIS SA - Deputy Chairman - ITALCEMENTI S.p.A. - CEO - ITALMOBILIARE S.p.A. - Director and General Manager - RCS MEDIAGROUP S.p.A. - Director - UNICREDIT S.p.A. - Director
Eric Strutz (*)	Director	Mainz, 13/12/64	FY ending 30/6/11	- COMMERZBANK A.G. - Member of the Board of Managing Directors - ABB AG - Member of the Supervisory Board - COMMERZBANK INTERNATIONAL S.A. - Member of the Board - COMINVEST ASSET MANAGEMENT GMBH - Member of the Supervisory Board - COMMERZBANK AUSLANDBANKEN HOLDING AG. - Deputy Chairman of the Supervisory Board - COMMERZBANK INLANDSBANKEN HOLDING GMBH - Chairman of the Supervisory Board
Francesco Saverio Vinci (*)	Director (***)	Milan, 10/11/62	FY ending 30/6/11	- DUEMME HEDGE SGR S.p.A. - Director - DUEMME SICAV - Director - DUEMME SGR S.p.A. - Director - ITALMOBILIARE S.p.A. - Director - PERSEO S.p.A. - Director

(*) Member of Executive Committee.

(**) Complete list of roles vested in other companies can be found on the Bank's website.

(***) Member of Mediobanca management.

The address for all members of the Board of Directors in respect of their duties is: Piazzetta E. Cuccia 1, Milan, Italy.

Statutory Audit Committee

Composition:

Role	Name	Place and date of birth	Term expires on	Main activities carried out (*)
Presidente	Marco Reboa	Milan, 21/4/55	FY ending 30/6/11	- BIG - Standing auditor - EGIDIO GALBANI S.p.A. - Standing auditor - ENI S.p.A. (Holding) - Director - GRUPPO LACTALIS ITALIA S.p.A. - Standing auditor - INTERPUMP GROUP S.p.A. - Director - LUXOTTICA GROUP S.p.A. - Chairman, Statutory Audit Committee - VALEAS S.p.A. - Chairman, Statutory Audit Committee
Sindaco effettivo	Gabriele Villa	Milan, 18/6/64	FY ending 30/6/11	- CALCESTRUZZI S.p.A. - Deputy Chairman, BoD - CREDITO ARTIGIANO S.p.A. - Chairman, Statutory Audit Committee - BANCA FINECO S.p.A. - Standing auditor

Role	Name	Place and date of birth	Term expires on	Main activities carried out (*)
				- SO.FI.GE. S.p.A. - S Standing auditor
Sindaco effettivo	Maurizia Angelo Commeno	Rome, 18/6/48	FY ending 30/6/11	- UNICREDIT AUDIT S.p.A. - Director - ADR - Associazione per le Alternative Dispute - Director
Sindaco supplente	Guido Croci	Milan, 4/3/59	FY ending 30/6/11	- VIBRAM S.p.A. - Chairman, Statutory Audit Committee - ADR ADVERTISING S.p.A. - Standing auditor - AUTOMOBILI.COM SRL - Chairman, Statutory Audit Committee - AVVENIRE S.I.M. - Chairman, Statutory Audit Committee - CENTRO CARDIOLOGICO MONZINO S.p.A. - Standing auditor - DANIELI CENTRO COMBUSTION S.p.A. - Chairman, Statutory Audit Committee - FIDITALIA S.p.A. - Standing auditor - IGP DECAUX S.p.A. - IMPRESA GENERALE PUBBLICITÀ - Standing auditor - IMCD ITALIA S.p.A. - Standing auditor - LA COCCINELLA SRL - Standing auditor - LYXOR SGR S.p.A. - Chairman, Statutory Audit Committee - MITTEL GENERALE INVESTIMENTI S.p.A. - Standing auditor - OFFICINE PADANE S.P.A. - PADANE S.p.A. - Director - PEGASO S.R.L. - Chairman, BoD - PHILIPS MEDICAL CAPITAL S.p.A. - Chairman, Statutory Audit Committee - RCS DIGITAL S.p.A. - Chairman, Statutory Audit Committee - RCS PRODUZIONI S.p.A. - Chairman, Statutory Audit Committee - SG ASSET MANAGEMENT ITALIA SOCIETÀ DI INTERMEDIAZIONE MOBILIARE - S.p.A. - SGAM - Chairman, Statutory Audit Committee - SG FACTORING S.p.A. - Standing auditor - SIND INTERNATIONAL S.p.A. (Holding) - Standing auditor - SOCIETE GENERALE ASSET FINANCE ITALIA S.R.L. - Chairman, Statutory Audit Committee - SOCIETÉ GENERALE ITALIA HOLDING S.p.A. - Chairman, Statutory Audit Committee - SG MUTUI ITALIA S.p.A. - Chairman, Statutory Audit Committee - SOCIETE GENERALE SECURITIES SERVICES S.p.A. (BANCA) - Standing auditor - STEM SRL - Standing auditor
Sindaco supplente	Umberto Rangoni	Bologna, 13/7/56	FY ending 30/6/11	- CONSORZIO RICO.S. - Chairman, Statutory Audit Committee - CIAS ACCIAI S.p.A. - Director - CONSUMER FINANCIAL SERVICES S.R.L. in sigla CFS S.R.L. - Standing auditor - MEDA - VITA S.p.A. - Chairman, Statutory Audit Committee - RIVECO GENERALSIDER S.p.A. - IN BREVE RGS S.p.A. - Chairman, Statutory Audit Committee

Role	Name	Place and date of birth	Term expires on	Main activities carried out (*)
				- SINTRA S.p.A. - SOCIETÀ INTERMODALE TRASPORTI (SINTRA S.p.A.) - Chairman, Statutory Audit Committee
				- TAG - GENERAL AIR TRANSPORT S.p.A. - Chairman, Statutory Audit Committee

(*) List of roles vested in other companies can be found on the Bank's website.

The address for all members of the Statutory Audit Committee in respect of their duties is: Piazzetta E. Cuccia 1, Milan, Italy.

General manager and key managerial staff

Alberto Nagel Chief Executive Officer, Renato Pagliaro Director and General Manager, Maurizio Cereda, Massimo Di Carlo, Francesco Saverio Vinci Directors and members of the Bank's senior management, and Massimo Bertolini Head of company financial reporting.

Conflicts of interest between bodies responsible for governance, management and supervision

The members of the Board of Directors (see table above) also hold positions in other Italian and non-Italian banks. This could give rise to conflicts of interest, which, if any, will be managed in compliance with legislation presently in force.

For further information, see Part H of the Group's Annual Accounts and Report as at 30 June 2008 on "Related party disclosure" (p. 367).

Main Shareholders

Information on ownership structure

Entities which according to the shareholders' register and other available information, directly or indirectly hold financial instruments representing share capital with voting rights in an amount of more than 2 per cent of the share capital.

Shareholder	No. of shares	% of share capital
1) UNICREDITO ITALIANO group	71,091,513	8.669%
2) BOLLORÈ group	40,954,907	4.994%
3) GROUPAMA group	40,718,677	4.965%
4) FONDIARIA-SAI group	31,447,510	3.834%
5) MEDIOLANUM group	27,709,629	3.379%
6) ITALMOBILIARE group	21,494,278	2.621%
7) FONDAZIONE CASSA DI RISPARMIO IN BOLOGNA	21,235,617	2.589%
8) TASSARA S.p.A. group	19,632,000	2.394%
9) RAGIONE DI G. BENETTON & C.	17,738,123	2.163%
10) FININVEST group	16,870,271	2.057%

Mediobanca is the parent company of the Mediobanca Banking Group. No entity has control over Mediobanca as defined under Article 93 of the Italian Financial Act.

Agreements the performance of which may result in a change of control subsequent to the date hereof

As at the date of this Registration Document, Mediobanca is not aware of any agreements intended to bring about changes in the future to the ownership structure of Mediobanca.

Auditors of the Financial Statements

External auditors and auditors responsible for auditing the financial statements

Reconta Ernst & Young S.p.A., a company with its registered offices in Via della Chiusa 2, Milan, Italy, has audited the individual and consolidated financial statements of Mediobanca as at 30 June 2008. Reconta Ernst & Young S.p.A. is registered under No. 2 in the Special Register (*Albo Speciale*) maintained by CONSOB and set out in Article 161 of the *Testo Unico delle Disposizioni in Materia di Mercati Finanziari* and under No. 70945 in the Register of Accounting Auditors (*Registro dei Revisori Contabili*), in compliance with the provisions of Legislative Decree No. 88 of 27 January 1992, and is also a member of the ASSIREVI - Associazione Nazionale Revisori Contabili.

At an annual general meeting held on 27 October 2007, the shareholders of Mediobanca approved a resolution to extend the duration of the mandate thus granted to audit the individual and consolidated full-year and interim financial statements, to perform other activities provided for under Article 155 of Italian Legislative Decree 58/98, and to sign off the “Unico” and “770” tax declarations, to include the financial years ending 30 June 2010, 2011 and 2012.

External supervisory bodies other than the external auditors

There are no external supervisory bodies other than the external auditors.

Information regarding resignations, dismissals or failures to renew the appointment of the external auditors or the auditors responsible for auditing the financial statements

No resignations, dismissals or failures to renew the appointment of the external auditors have occurred during the period under review.

Material Agreements

In the past two years neither Mediobanca nor any of the companies controlled by Mediobanca has entered into agreements outside of their normal course of business that have substantially influenced, or that would reasonably be expected to substantially influence, the Issuer’s ability to meet its obligations towards the holders of its debt securities.

**FINANCIAL INFORMATION OF
MEDIOBANCA - BANCA DI CREDITO FINANZIARIO S.p.A.**

The consolidated annual financial statements of Mediobanca as at and for the years ended 30 June 2008, 2007 and 2006 were prepared in accordance with IFRS. The unaudited consolidated financial statements as at and for the three months ended 30 September 2008, 2007 and 2006 were not prepared in accordance with IAS 34, in compliance with the relevant CONSOB regulatory provisions (*i.e.* Schedule 3D of Regulation No. 11971/99 as amended from time to time).

All of the above consolidated annual and three month financial statements, prepared in each case together with the notes thereto, are incorporated by reference in this Base Prospectus. See “Documents Incorporated by Reference”.

All of the above annual consolidated financial statements have been audited by Reconta Ernst & Young S.p.A., whose reports thereon are attached to such annual financial statements.

INFORMATION ON MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.

General Information

Name:	Mediobanca International (Luxembourg) S.A. (“ Mediobanca International ”).
Date of Incorporation:	Mediobanca International has been incorporated in 1990 and its registered office has been transferred in Luxembourg by a resolution of the Shareholders before notary on December 21, 2005 and the articles of incorporation have been published in the <i>Memorial Recueil des Sociétés et Associations</i> number 567 on 17 March 2006. The articles of association have been amended on 5 October 2007 and have been published in the <i>Memorial Recueil des Sociétés et Associations</i> number 2995 on 24 December 2007.
Registered Office:	14 Boulevard Roosevelt, L-2450 Luxembourg.
Registration:	Registre de Commerce et des Sociétés Luxembourg number B 112885.
Financial Year:	Mediobanca International’s financial year ends on 30th June of each year.
General Meetings:	General Meetings are held at least once a year.

Share Information

Authorised and Issued Capital:	EUR 10,000,000 divided into 1,000,000 ordinary shares of EUR 10.00 each.
Reserves:	EUR 77,619,512 as at 30 June 2008.
Controlling Shareholders:	Mediobanca - Banca di Credito Finanziario S.p.A.

Management

Board of Directors:	The Articles of Association provide for a Board of Directors consisting of at least three members elected by the general meeting of shareholders for a term of office not to exceed six years.
Directors:	The Board of Directors is responsible for setting authorisation levels, defining organisational structure, defining the system of internal control and reviewing it on a regular basis, and approving the bank’s accounts and interim statements. The Board of Directors consists of the following eight Directors:

<i>Director</i>	<i>Place and date of birth</i>	<i>Principal activities performed by the Directors outside Mediobanca International</i>
Massimo Di Carlo (Chairman)	Rovereto on 25 June 1963	Deputy General Manager of Mediobanca
Luca Tiziano Maccari	Milano on 14 March 1971	-
Peter Gerrard	New York on 21 October 1947	International banking executive

Stefano Pellegrino	Cassino on 22 January 1966	Head of equity investment Mediobanca Banking Group Unit
Silvio Perazzini	Gargnano on 27 June 1943	External advisor of Mediobanca
Federico Potsios	Rome on 17 July 1963	Lending division manager in Mediobanca
Daniel Cardon de Lichtbuer	Braaschaat on 16 November 1930	International banking executive
Alex Schmitt	Luxembourg on 24 March 1953	Attorney at law, member of Luxembourg bar, partner of the law firm Bonn Schmitt Steichen

The business address of each of the directors is 14 Boulevard Roosevelt, L-2450 Luxembourg, with the exception of Alex Schmitt whose business address is 44 rue de la Vallée, L-2661 Luxembourg.

Other than as disclosed in the table above, there are no significant conflicts of interests in relation to the update of the Programme between any of the Directors' duties to Mediobanca International and their private interests or other duties.

Managing Directors:

Day-to-day management is entrusted to two managing directors: Peter Gerrard (Board member) and Luca Tiziano Maccari (Board member).

Independent Auditors:

Pursuant to a resolution adopted by the Board of Directors on 22 October 2008, the Luxembourg office of Ernst & Young was appointed as external auditors to audit Mediobanca International's annual financial statements.

Ernst & Young are registered with the Institut des Réviseurs d'Entreprises in Luxembourg.

Object and General Business Policy

Business Operations:

Mediobanca International may carry out, either within or outside the Grand Duchy of Luxembourg, any banking or financial operations authorised by the law relating to the financial sector.

Mediobanca International's principal activity consists of raising funds on international markets, by issues of bonds chiefly under a short and medium term notes programme guaranteed by Mediobanca. Mediobanca International is also engaged in corporate lending operations.

Risk Management:

All interest rate, currency, credit and other risks are managed within the Mediobanca Group.

Tax Treatment:

See "*Taxation - (B) Tax Regime for Mediobanca International issues - Luxembourg*".

Capitalisation

The following table shows the capitalisation in Euro of Mediobanca International as at 30 June 2008, 2007 and 2006.

	As at 30 June		
	2008	2007	2006
		<i>(Euro)</i>	
Shareholders equity			
Share capital	10,000,000.00	10,000,000.00	10,000,000.00
Reserves	77,619,512.00	67,653,008.00	63,317,000.00
Retained earnings	–	969,803.00	1,897,187.00
Net profit	14,370,238.00	8,996,701.00	3,408,624.00
Total Shareholder's equity	<u>101,989,750.00</u>	<u>87,619,512.00</u>	<u>78,622,811.00</u>
Medium and long-term debt			
1. Amounts owed to credit institutions	2,610,478,806.00	2,798,402,000.00	353,313,521.88
2. Notes and bonds payable	1,341,385,977.00	851,568,000.00	303,094,689.90
Total medium and long-term debt	<u>3,951,864,783.00</u>	<u>3,649,970,000.00</u>	<u>656,408,211.78</u>
Total capitalisation	<u>4,053,854,533.00</u>	<u>3,737,589,512.00</u>	<u>735,031,022.78</u>

Cash Flow Statements

The following tables set forth cash flow statements for Mediobanca International for the years ended 30 June 2008, 2007 and 2006:

	Year ended 30 June		
	2008	2007	2006
	<i>(Euro thousands)</i>		
CASH FLOW FROM OPERATING ACTIVITIES			
Operating activities	42,103	20,948	3,588
– interest received	328,663	169,301	70,448
– interest paid	(295,051)	(153,541)	(70,018)
– net fee and commission received	10,927	7,246	3,548
– cash payments to employees	(702)	(611)	(633)
– other expenses paid	(1,734)	(1,447)	(1,736)
– other income receive	–	–	1,979
Cash generated/(absorbed) by financial assets ...	1,330,886	(5,234,765)	609,005
– trading securities	–	–	188,929
– amounts due from customers	475,755	(2,970,118)	(133,448)
– amounts due from banks: on demand	1,343,251	(1,435,843)	(422,431)
– amounts due from banks: other	(487,840)	(828,270)	977,775
– other assets	(28)	(534)	(1,820)
Cash (generated)/absorbed by financial liabilities	(1,372,983)	5,174,569	(612,472)
– amounts due to banks: on demand	–	3,290,867	(41,432)
– amounts due to banks: other	(296,504)	–	433,489
– amounts due to clients	(30,552)	–	(188,929)
– debt securities in issue	(1,044,253)	1,877,702	(820,330)
– other liabilities	(1,674)	6,000	4,730
Net cash flow (outflow) from operating activities ..	6	(39,248)	121
CASH FLOW FROM INVESTMENT ACTIVITIES			
Cash absorbed by	(7)	(1)	(21)
– acquisitions of tangible assets	(7)	(1)	(81)
– acquisitions of intangible assets	–	–	(40)
Net cash flow (outflow) from investment activities	(7)	(1)	(121)
FUNDING ACTIVITIES			
– issues/purchases of treasury shares	–	–	–
– issues/purchases of equity instruments	–	–	–
– issues/purchases of subordinated debt	–	39,250	–
Net cash flow (outflow) from funding activities ...	–	39,250	–
NET CASH FLOW (OUTFLOW) DURING YEAR/PERIOD	(1)	1	–

**FINANCIAL INFORMATION OF
MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.**

The audited non-consolidated financial statements of Mediobanca International as at and for the years ended 30 June 2008, 2007 and 2006, in each case together with the notes thereto, are incorporated by reference in this Base Prospectus. See “Documents Incorporated by Reference”.

The annual non-consolidated financial statements of Mediobanca International as at and for the years ended 30 June 2008, 2007 and 2006 have been prepared in accordance with IFRS.

All of the above annual non-consolidated financial statements of Mediobanca International have been audited by Ernst & Young Luxembourg, whose reports thereon are attached to such annual financial statements.

PLAN OF DISTRIBUTION

References in this Base Prospectus to “**Permanent Dealers**” are to the persons listed on page 40 above as Dealers and to such additional persons which are appointed from time to time as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “**Dealers**” are to all Permanent Dealers and all persons appointed from time to time as a dealer solely in respect of one or more Tranches.

Subject to the terms and conditions contained in an amended and restated dealer agreement dated 12 December 2008 as further amended or supplemented from time to time (the “**Dealer Agreement**”) between the Issuers, the Guarantor, the Arrangers and the Permanent Dealers, the Notes will be offered on a continuous basis by each Issuer to the Permanent Dealers. However, the relevant Issuer has reserved the right to sell Notes directly on its own behalf to Dealers which are not Permanent Dealers. The relevant Issuer may also offer and sell Notes directly to investors without the involvement of any Dealer. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the relevant Issuer through the Dealers, acting as agents of such Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches which are jointly and severally underwritten by two or more Dealers.

Pursuant to the terms and conditions of the Dealer Agreement, the relevant Issuer, failing whom, where applicable, the Guarantor, has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement may be terminated in relation to all the Dealers or any of them by Mediobanca and Mediobanca International, acting together or, in relation to itself and Mediobanca and Mediobanca International only, by any Dealer, at any time on giving not less than ten Business Days’ notice.

General

The selling restrictions described below may be modified by the agreement of the relevant Issuer, the Guarantor (where applicable) and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and neither the relevant Issuer, the Guarantor (where applicable), nor any other Dealer shall have responsibility therefor.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (d) at any time, to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (e) at any time in any other circumstances which do not require the publication by the Issuer of a Base Prospectus pursuant to Article 3(2) of the Prospectus Directive

provided that no such offer of Notes referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision:

- (i) an **“offer of Notes to the public”** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State; and
- (ii) the **“Prospectus Directive”** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

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 under the Securities Act.

Notes in bearer form 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 U.S. person, subject to certain exemptions. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Dealer Agreement, it will not offer sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of the Notes comprising the relevant Tranche as determined, and certified to the relevant Issuer or the Fiscal Agent by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it in which case the Fiscal Agent or the relevant Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto 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. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an applicable exemption from registration under the Securities Act (if available).

Each Series of Notes may also be subject to such further United States selling restrictions as the relevant Issuer and the relevant Dealer may agree and as indicated in the relevant Final Terms.

United Kingdom

In relation to each Tranche of Notes, each Dealer subscribing for or purchasing such Notes represents to and agrees with the relevant Issuer, the Guarantor (where applicable) and each other such Dealer (if any) that:

Each Dealer has represented, warranted and agreed that:

- (a) *No deposit-taking*: in relation to any Notes having a maturity of less than one year from the date of issue:
 - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the relevant Issuer;
- (b) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the relevant Issuer or the Guarantor (where applicable); and
- (c) *General compliance*: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed that, save as set out below, it has not offered or sold, and will not make an offer of any Notes to the public in Italy and that sales of the Notes in Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Each of the Dealers has represented and agreed that it will not offer, sell or deliver any Notes or distribute copies of this Base Prospectus or any other document relating to the Notes in Italy except:

1. that each Dealer may make an offer of Notes to the public if the final terms in relation to the Notes specify that a Non-exempt Offer may be made in Italy, including without limitation, by means of an Offer of Notes to the public following the date of publication of a prospectus in relation to such Notes and provided that such prospectus has been (i) approved in another Relevant Member State and notified to CONSOB and (ii) completed by final terms expressly contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, as implemented in Italy under Decree 58 and CONSOB Regulation No. 11971 of 14 May 1999, as amended (“**Regulation No. 11971**”), in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
2. to “**qualified investors**”, as defined in Article 2(1)(e) paragraphs (i) to (iii) of the Prospectus Directive, pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (“**Decree No. 58**”); or
3. in any other circumstances where an express exemption from compliance with the offer restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

Any such offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in Italy must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993, as amended, Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 and any other applicable laws and regulations; and
- (b) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Provisions relating to the secondary market

Potential Purchasers should also note that in connection with the subsequent distribution of Notes (with a minimum denomination lower than €50,000 or its equivalent in another currency) in Italy, in accordance

with Article 100-bis of Decree No. 58, where no exemption from the rules on solicitation applies under (a) and (b) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under Decree No. 58 and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the intermediaries transferring the Notes being liable for any damages suffered by potential purchasers.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, each Dealer has undertaken that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, “**Japanese Person**” shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

FORM OF FINAL TERMS

The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

Final Terms

[MEDIOBANCA - Banca di Credito Finanziario S.p.A./ MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.]

Issue of [currency] [aggregate principal amount] Notes due [maturity]

[Guaranteed by

MEDIOBANCA - Banca di Credito Finanziario S.p.A.]

under the

Euro 40,000,000,000

Euro Medium Term Note Programme

SERIES NO: []

TRANCHE NO: []

Issue Price: [] per cent.

[Dealer(s)]

The date of these Final Terms is []

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (the “**Prospectus Directive**”) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 37 of Part A below, provided such person is one of the persons mentioned in Paragraph 37 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.](¹)

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offer of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.](²)

[This document constitutes the Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 12 December 2008 [and the supplement to the Base Prospectus dated [insert date] [delete if not applicable],] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as supplemented from time to time]. Full information on the Issuer [and the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the supplement to the Base Prospectus] [is/are] available for viewing at [address] and [website] and copies may be obtained from [address]]

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.]

[This document constitutes the Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated [date of original base prospectus]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated 12 December 2008 [and the supplement to the Base Prospectus dated []], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [original date] and are attached hereto. Full information on the Issuer [and the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated [date of original base prospectus] and 12 December 2008 [and the supplement to the Base Prospectus dated []]. The Base Prospectuses [and the supplement to the Base Prospectus] [is/are] available for viewing at the registered office[s] of the Issuer [and of the Guarantor] [at []].]The Base Prospectus and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).]

(1) Include where a non-exempt offer of Notes is anticipated.

(2) Include where an exempt offer of Notes is anticipated.

[Include whichever of the following apply or specify as “not applicable”. Note that the numbering should remain as set out below, even if individual items are deleted.]

[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

[The purchase of Notes involves substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Before making an investment decision, prospective purchasers of Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and that they consider carefully, in the light of their own financial circumstances, financial condition and investment objectives, all the information set forth in the Base Prospectus (including “Risk Factors” on pages 15 to 22 thereof) [and the supplement thereto] referred to above and these Final Terms.

No person has been authorised to give any information or make any representation not contained in or not consistent with these Final Terms, or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the Dealer.

By investing in the Notes each investor represents that:

- (a) *Non-Reliance.* It is acting for its own account, and it has made its own independent decisions to invest in the Notes and as to whether the investment in the Notes is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Issuer or the Dealers as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the terms and conditions of the Notes shall not be considered to be investment advice or a recommendation to invest in the Notes. No communication (written or oral) received from the Issuer or the Dealers shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Notes.
- (b) *Assessment and Understanding.* It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and the risks of the investment in the Notes. It is also capable of assuming, and assumes, the risks of the investment in the Notes.
- (c) *Status of Parties.* Neither the Issuer nor the Dealers is acting as a fiduciary for or adviser to it in respect of the investment in the Notes.]

PART A - GENERAL

- 1. [(i)] Issuer: []
 [(ii)] [Guarantor: []]
- 2 (i) Series Number: []
 (ii) Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).
- 3. Specified Currency or Currencies: []
- 4. Aggregate Nominal Amount of Notes admitted to trading:
 (i) Series: [Up to] []
 (ii) Tranche: [Up to] []

[The Aggregate Nominal Amount will not exceed [] and will be determined at the end of the Offer Period (as defined in paragraph [11] of Part B below) and such final amount will be filed with the CSSF as competent authority and published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) pursuant to Articles 8 and 14(2) of the Prospectus Directive.]

5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (*in the case of fungible issues only, if applicable*)]

6. (i) Specified Denominations: [] [and integral multiples of [] in excess thereof up to and including []]. No Notes in definitive form will be issued with a denomination above [].]

(Notes including Notes denominated in Sterling, in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of the Financial Services and Markets Act 2000 and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).)

(ii) Calculation Amount: [] *(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. There must be a common factor in the case of two or more Specified Denominations.)*

7. (i) Issue Date: []

(ii) Interest Commencement Date: *[Specify/Issue Date/Not Applicable]*

8. Maturity Date: *[Specify date or (for Floating Rate Notes) Interest Payment Date falling in relevant month and year.]*

(If the Notes are Extendible Notes, provide details of the option of holders of Notes to extend the Maturity Period and the manner in which it may be exercised in paragraph 30 below.)

(N.B. Notes qualifying for Italian tax purposes as “obbligazioni” or similar securities issued by Mediobanca - Banca di Credito Finanziario S.p.A. with a Maturity Period of less than 18 months are subject to a withholding tax at the rate of 27 per cent. Per annum in respect of interest and premium (if any), pursuant to Italian Presidential Decree No. 600 of 29 September 1973, as amended. The Issuer shall not be liable to pay any additional amounts to Noteholders in relation to any such withholding.)

(N.B. Unless otherwise permitted by current laws, regulations, directives and/or the Bank of Italy’s requirements applicable to the issue of Subordinated Notes by the Issuer, (i) Upper Tier II Subordinated Notes must have a minimum maturity of ten years, (ii) Lower Tier II Subordinated Notes must have a minimum maturity of five years and (iii) Tier III Subordinated Notes must have a minimum maturity of two years.)

14. Method of distribution: [Syndicated/Non-syndicated]
- [15]. [Taxation:] [No Gross Up is applicable pursuant to point (ix) of paragraph 7 (a) (*Taxation - Gross Up*) of the Terms and Conditions of the Notes]
- [For further details of the Early Redemption Amount payable on redemption for taxation reasons see paragraph 24 below]*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. **Fixed Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate(s) of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [] in each year [adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]*/not adjusted]
- (N.B. This will need to be amended in the case of long or short coupons)*
- (iii) Fixed Coupon Amount[(s)]: [] per Calculation Amount
- (iv) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
- (v) Adjustment to Interest Period end Date [Applicable/Not Applicable]
- (vi) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (vii) Day Count Fraction: [30/360 / Actual/Actual (ICMA/ISDA) / Actual/360 / Actual/365 / Other]
- (viii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]
17. **Floating Rate Note Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph.)*
- (i) Interest Period(s): []
- (ii) Interest Payment Dates: []
- (iii) First Interest Payment Date: []
- (iv) Adjustment to Interest Period end Date [Applicable/Not Applicable]
- (v) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]

- (vi) Additional Business Centre(s): [Not Applicable/give details]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]
- (viii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Fiscal Agent): [] [Name] shall be the Calculation Agent (no need to specify if the Fiscal Agent is to perform this function)]
- (ix) Screen Rate Determination: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph (vii))
- Reference Rate: [] [LIBOR / EURIBOR / other (give details)]
 - Interest Determination Date(s): []
Typically second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second TARGET Settlement Day prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 - Relevant Screen Page: [For example, Reuters page EURIBOR01/other (give details)]
 - Relevant Time: [For example, 11.00 a.m. [London/Brussels] time/other (give details)]
 - Relevant Financial Centre: [For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro/other (give details))]
- (x) ISDA Determination: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph (viii))
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (xi) Margin(s): [+/-][] per cent. per annum
- (xii) Minimum Rate of Interest: []
- (xiii) Maximum Rate of Interest: []
- (xiv) Day Count Fraction: []
- (xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
- 18. Zero Coupon Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) [Amortisation/Accrual] Yield: [] per cent. per annum.
Calculated as [include details of method of calculation in summary form] on the Issue Date on the basis of the Issue Price.

- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable: [] [*Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 5(e) (Early Redemption of Zero Coupon Notes)*]

19. Index-Linked Interest or other Variable - Linked Interest Note Provisions [Applicable/Not Applicable]

(Note that Index-Linked Interest or other Variable-Linked Interest Note Provisions may apply to any Notes bearing interest linked to a variable)

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Index/Formula/variable: [Give or annex details]
- (ii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Fiscal Agent): [] *[[Name] shall be the Calculation Agent (no need to specify if the Fiscal Agent is to perform this function)]*
- (iii) Provisions for determining the Rate(s) of Interest and Interest Amount(s) where calculated by reference to Index and/or Formula and/or other variable: []
- (iv) Determination Date(s): []
- (v) Provisions for determining Coupon Rate(s) of Interest and Interest Amount(s) where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []
- (vi) Interest or calculation period(s): []
- (vii) Specified Interest Payment Dates: []
- (viii) Adjustment to Interest Period end Date [Applicable/Not Applicable]
- (ix) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (x) Additional Business Centre(s): []
- (xi) Minimum Rate of Interest: []
- (xii) Maximum Rate of Interest: []
- (xiii) Day Count Fraction: []

20. Dual Currency Note Provisions [Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Rate of Exchange/method of calculating Rate of Exchange: [Give details]
- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Fiscal Agent): [] *[[Name] shall be the Calculation Agent (no need to specify if the Fiscal Agent is to perform this function)]*
- (iii) Provisions applicable where calculation by reference to Rate [] *(Need to include a description of any market disruption or settlement disruption events and adjustment*

- of Exchange is impossible or impracticable: *provisions)*
- (iv) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

21. **Call Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [] per Calculation Amount
- (b) Maximum Redemption Amount: [] per Calculation Amount
- (iv) Notice period: [] *(at least 5 business days prior notice)*
22. **Put Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [] per Calculation Amount
- (iii) Notice period: []
23. **Final Redemption Amount of each Note** [[] per Calculation Amount/ other/ see Appendix]
[Include the following in cases where the Final Redemption Amount is Index-Linked or other Variable-Linked] (N.B. If the Final Redemption Amount is other than 100 per cent. of the principal amount, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive will apply)
- (i) [Index/Formula/variable [give or annex details]
- (ii) Party responsible for calculating the Final Redemption Amount (if not the Fiscal Agent): [] *[[Name] shall be the Calculation Agent (no need to specify if the Fiscal Agent is to perform this function).*
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable []
- (iv) Determination Date(s): []
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable []

is impossible or impracticable or otherwise disrupted

- (vi) Payment Date []
- (vii) Minimum Final Redemption Amount [] per Calculation Amount
- (viii) Maximum Final Redemption Amount [] per Calculation Amount

[Include the following in cases where the Final Redemption Amount is linked to Dual Currency Note provisions]

- (i) Rate of Exchange/method of calculating Rate of Exchange: [Give details]
- (ii) Calculation Agent, if any, responsible for calculating the Final Redemption Amount: []
- (iii) Provisions applicable where calculation by reference to Rate of Exchange is impossible or impracticable: []
- (iv) Person at whose option Specified Currency(ies) is/are payable: []

[In the case of Credit-Linked Notes, include (i) Final Redemption Amount if no Credit Event, (ii) Final Redemption Amount upon Credit Event (including Valuation Method, where applicable), and (iii) Final Redemption Amount upon Uncured Default being cured or Final Redemption where the Uncured Default is not cured]

24. **Early Redemption Amount**

Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default or pursuant to a Seller Merger Notice and/or the method of calculating the same (if required or if different from that set out in the Conditions):

[[] per Calculation Amount/specify other/see Appendix]

[An amount in the Specified Currency being the Nominal Amount of the Notes]

[An amount in the Specified Currency being the higher of (i) the Nominal Amount of the Notes and (ii) the fair economic value of the Notes at the date of redemption, as determined and calculated by the Calculation Agent in its sole discretion in good faith and in a commercially reasonable manner as representing the fair economic value of the Note at the date of redemption].

[An amount in the Specified Currency which the Calculation Agent will determine and calculate in its sole discretion in good faith and in a commercially reasonable manner as representing the fair economic value of the Note at the date of redemption, without making any reduction to such value by reason of the financial condition of the Issuer but taking into account (without duplication) any costs and expenses incurred by the Issuer in connection with the termination of any agreement or

instrument entered into by the Issuer for the purposes of hedging the risk arising from the entering into and performance of its obligations under the Notes.]

[The Early Redemption Amount Payable on Event of Default shall be Euro [•] for each Note of Euro [•] Specified Denomination.]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes:

Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]

[Temporary Global Note exchangeable for Definitive Notes on [] days' notice.]

[Permanent Global Note exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note].

[In relation to any Notes issued with a denomination of €50,000 (or equivalent) and integral multiples of €1,000 (or equivalent), the Permanent Global Note representing such Notes shall only be exchangeable for Definitive Notes in the limited circumstances of (1) closure of the ICSDs; and (2) default of the Issuer.]

26. New Global Note form:

[Yes/No]

27. Additional Financial Centre(s) or other special provisions relating to Payment Business Dates:

[Not Applicable/give details]

[Note that this item relates to the date and place of payment and not to interest period end dates, to which items 16(ii) and 19(vi) relate]

28. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):

[Yes/No. If yes, give details]

29. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:

[Not Applicable/give details]

30. Details relating to Instalment Notes: (amount of each instalment, date on which each payment is to be made):

[Not Applicable/give details]

31. Details relating to Extendible Notes: [Not Applicable/*give details*]
32. **Repurchase Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Repurchase Option date(s): []
- (ii) Repurchase amount(s) and method(s), if any, of calculation of such amount(s): [] per Calculation Amount
- (iii) Notice period: [] (*at least 5 business days prior notice*)
33. Other terms or special conditions: [Not Applicable/*give details*]
34. **Credit Linked Provisions:** [Applicable/Not Applicable]
- (i) Type of Notes: [Single Name Credit-Linked Notes/First-to-Default Credit-Linked Notes/Nth-to-Default Credit-Linked Notes(*)/ Basket Credit-Linked Notes/other]
 [(*)Where the Notes are Nth-to-Default Credit Linked Notes, Specify the value of N, e.g. "Second-to-Default Credit Linked Notes"]
- (ii) Settlement Basis: [Cash Settlement/Physical Settlement/Cash or Physical Settlement]
- (iii) Alternative Interest Cessation Date: [Applicable/Not applicable]
- (iv) Reference Entity/ies: [Specify]
- (v) Reference Obligation(s): [Specify]
- (vi) All Guarantees: [Applicable/Not applicable]
- (vii) Credit Events: Scheduled Termination Date [*Specify*]
 Notional Amount [*Specify*]
 Bankruptcy
 Failure to Pay
 Payment Requirement: [U.S.\$1,000,000] or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay
 Obligation Acceleration
 Obligation Default
 Repudiation/Moratorium Restructuring
 Restructuring Maturity Limitation and Fully Transferable Obligation: [Not] Applicable
 Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: [Not] Applicable
 Default Requirement: [U.S.\$10,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event]
 Multiple Holder Obligation: [Not] Applicable]
- [*Select all that apply*]

(viii) Conditions to Settlement:	Credit Event Notice/ Notice of Publicly Available Information/ Notice of Physical Settlement [Select all that apply]
(ix) Notice of Publicly Available Information applicable to:	
(a) Repudiation/ Moratorium Extension Condition:	[Yes/No]
(b) Grace Period Extension Condition:	[Yes/No]
(x) Grace Period Extension:	[Applicable/Not Applicable]
(xi) Grace Period:	[•] days [If Grace Period Extension is applicable, consider whether or not to specify the number of days in the Grace Period. If a number of days is not so specified (in which case the paragraph may be deleted), the Grace Period will be the lesser of the applicable grace period with respect to the relevant Obligation and 30 calendar days.]
(xii) Relevant Currency:	[Specify]
(xiii) Relevant Jurisdiction:	[Specify]
(xiv) Credit Observation Start Date:	[Specify alternative date or delete paragraph] [If Credit Observation Start Date precedes Issue Date, then additional disclosure required notifying prospective investors of the same and highlighting that Noteholders have exposure to Credit Events occurring prior to the Issue Date notwithstanding that Noteholders will not receive interest for any period prior to the Issue Date]
(xv) Credit Observation End Date:	[Specify alternative date or delete paragraph]
(xvi) Final Payment Date:	[Specify alternative date or delete paragraph]
(xvii) Interest Payment Date and Final Payment Date Postponement:	Applicable [Specify as Applicable if Interest Payment Dates/Final Payment Date are to be delayed pending resolution of Potential Failure to Pay. If no such postponement is to occur, then delete paragraph]
(xviii) Repudiation/Moratorium Maturity Payment Date Postponement:	Applicable [Specify as Applicable if Interest Payment Dates/Final Payment Date are to be delayed pending resolution of Potential Repudiation/Moratorium. If no such postponement is to occur, then delete paragraph]
(xix) Notice of Publicly Available Information applicable to:	
(xx) Cash Settlement Date:	[Specify alternative date or delete paragraph]
(xxi) Cash Settlement Amount:	[Recovery Amount/Final Price/Other amount]
(xxii) Valuation Method:	[Highest/Market Value/Average Highest/Average Market /Blended Highest/Blended Market/Average Blended Market/Average Blended Highest] (Only required if no Cash Settlement Amount is specified)
(xxiii) Final Price:	[Specify alternative calculation method or delete paragraph]
(xxiv) Quotations:	[Include Accrued Interest/Exclude Accrued Interest]
(xxv) Quotation Amount:	[[[\$][€]]•]

- (xxvi) [Delete paragraph if Quotation Amount is the outstanding principal balance of the Reference Obligation.]
- (xxvii) Valuation Time: [Specify]
- (xxviii) Hedge Unwind Adjustment: [Applicable/Not Applicable]
- (xxix) Physical Settlement Date: [[?] Business Days]
- (xxx) Partial Cash Settlement Date: [Specify alternative meaning or delete paragraph]
- (xxxi) Market Value: [Specify alternative meaning or delete paragraph]
- (xxxii) Obligation Category: [Payment/Borrowed Money/Reference Obligations Only/Bond/Loan/Bond or Loan] [Select only one]
- (xxxiii) Obligation Characteristics: [Not Subordinated Specified Currency/ Not Sovereign Lender/ Not Domestic Currency/ Not Domestic Law/ Listed/ Not Domestic Issuance] [None]
[Select all that apply]
- (xxxiv) Deliverable Obligation Category: [Payment/Borrowed Money/Reference Obligations Only/Bond/Loan/Bond or Loan] [Select only one]
- (xxxv) Deliverable Obligation Characteristics: [Not Subordinated Specified Currency Not Sovereign Lender Not Domestic Currency Not Domestic Law/ Listed/ Not Contingent Not Domestic Issuance/ Assignable Loan Consent Required Loan Direct Loan Participation Transferable/ Maximum Maturity Accelerated or Matured Not Bearer]
[Select all that apply]
- (xxxvi) Business Day(s): [Specify]

DISTRIBUTION

35. (i) If syndicated, names [and addresses] (*) of Managers [and underwriting commitments] (*): [Not Applicable/give names [and addresses and underwriting commitments]]
- (Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
(*)
- [(ii) [Date of [Subscription] Agreement: []]]
- [(ii[i]) Stabilising Manager(s) (if any): [Not Applicable/give name]
36. If non-syndicated, name [and address] (*) of Dealer: [Not Applicable/give name and address]
37. [Total commission and concession: [] per cent. Of the Aggregate Nominal Amount] *
38. US Selling Restrictions: [Reg. S Compliance Category; TEFRA C/ TEFRA D/ TEFRA not applicable]

(*) Delete wording in square brackets if the Notes are issued in Denominations of Euro 50,000 or more.

39. Non-exempt offer: [Not Applicable] [An offer of the Notes may be made by the Managers and [specify if applicable] other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) – which must be jurisdictions where the Prospectus and any supplements have been passported] (“Public Offer Jurisdictions”) during the period from [specify date] until [specify date] (“Offer Period”). See further Paragraph 11 of Part B below.
40. Additional selling restrictions: [Not Applicable/give details]

[PURPOSE OF FINAL TERMS

These Final Terms comprises the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] and [admission to trading on [specify relevant regulated market] of the Notes described herein] pursuant to the Euro 40,000,000,000 Euro Medium Term Note Programme.]

(1) [INFORMATION RELATING TO THE ISSUER

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

Mediobanca - Banca di Credito Finanziario S.p.A. is an Italian company with its registered office at Piazzetta E. Cuccia 1, Milan, Italy, registered at the Companies' Registry of the Chamber of Commerce in Milan under registration number 00714490158.

The Issuer shall engage in the activities described below:

- (a) the raising of funds and provision of credit in any forms permitted, especially medium- and long-term credit to corporates; and
- (b) within the limits laid down by current regulations, the execution of all banking, financial and intermediation-related transactions and/or services and the carrying out of any transactions deemed to be instrumental to or otherwise connected with achievement of the Issuer's purpose.

As part of its supervisory and coordinating activities in its capacity as parent company of the Mediobanca Banking Group (the “Group”) within the meaning of Article 61/4 of Legislative Decree No. 385 dated 1 September 1993, the Issuer shall also issue directives to member companies of the Group to comply with instructions given by the Bank of Italy in the interests of maintaining the Group's stability.

At the time of the issuance the share capital is equal to [410.027.832,50], consisting of [820.055.665] ordinary shares with a nominal value of Euro 0.50 each and the reserves and retained earnings are equal to [4,356,951,536.04] [DETAILS IN SQUARE BRACKETS TO BE CHECKED AT THE RELEVANT ISSUE DATE].

(1) Delete where Issuer is Mediobanca International.

RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in these Final Terms [[] has been extracted from []. [Each of the] [The] Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [], no facts have been omitted which would render the reproduced information inaccurate or misleading.].

Signed on behalf of the Issuer:

By:.....

Duly authorised

By:.....

Duly authorised

[Signed on behalf of the Guarantor:

By:.....

Duly authorised

By:.....

Duly authorised]

PART B - OTHER INFORMATION

1. (i) Listing: [Luxembourg/other (*specify*)/None]
- (ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market*] with effect from []] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market*] with effect from [].] [Not applicable]
- (Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)
- [(iii) Estimate of total expenses related to admission to trading: [Delete if the information in paragraph 4(iii) (Estimated total expenses) below is to be provided]](**)

2. RATINGS

- Ratings: The Notes to be issued have been rated:
- [S&P's:]
- [Moody's:]
- [[Other]:]

[3.] [NOTIFICATION]

[The CSSF [has been requested to provide/has provided – include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [names of competent authorities of host Member States] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

Save for the fees payable to the managers, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- [(i) Reasons for the offer:]
- (See [*“Use of Proceeds”*] wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)(*)
- [(ii) Estimated net proceeds:]
- (If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)(*)

(**) Delete if the Notes are issued in Denominations of less than Euro 50,000.

(*) Delete if the Notes are issued in denominations of Euro 50,000 or more, unless the Notes are derivative securities to which Annex XII of the Prospectus Directive applies (in which case see footnote below).

[(iii) Estimated total expenses:

[]

*[Include breakdown of expenses.] (***)*

(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

[6. [[Fixed Rate Notes only] YIELD

Indication of yield:

[]

Calculated as *[include details of method of calculation in summary form]* on the Issue Date

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

7. [[Floating Rate Notes only] HISTORIC INTEREST RATES

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

[8. [[Index-Linked or other variable-linked Notes only] PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. [Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information.] Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

The Issuer [intends to provide post-issuance information *[specify what information will be reported and where it can be obtained]*] [does not intend to provide post-issuance information.]

[9. [[Dual Currency Notes only] PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

(***) If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.

[10.] OPERATIONAL INFORMATION

ISIN: []

Common Code: []

New Global Note intended to be held in a manner which would allow Eurosystem eligibility: [Not Applicable/Yes/No][Note that the designation “Yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will 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.]

[Include this text if “Yes” selected in which case the Notes must be issued in NGN form]

Any clearing system(s) other than EuroclearBank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

Initial Paying Agents:

Names and addresses of additional Paying Agent(s) (if any): []

11. TERMS AND CONDITIONS OF THE OFFER (*)

Offer Period: [] to []

Offer Amount: []

Offer Price: [Issue Price][specify]

Conditions to which the offer is subject: [Not Applicable/give details]

Description of the application process: [Not Applicable/give details]

Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not Applicable/give details]

Details of the minimum and/or maximum amount of application: [Not Applicable/give details]

Details of the method and time limits for paying up and delivering the Notes: [Not Applicable/give details]

Manner in and date on which results of the offer are to be made public: [Not Applicable/give details]

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: [Not Applicable/give details]

Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries: [Not Applicable/give details]

(*) Delete if the Notes are issued in Denominations of Euro 50,000 or more.

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: [Not Applicable/*give details*]

Amount of any expenses and taxes specifically charged to the subscriber or purchaser: [Not Applicable/*give details*]

Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place. [None/*give details*]

PART C - OTHER APPLICABLE TERMS

[INSERT OTHER RELEVANT INFORMATION AND PROVISIONS, OR DELETE IF NOT REQUIRED]

TAXATION

The following is a general summary of certain Italian and Luxembourg tax consequences of the purchase, the ownership and the disposal of the Notes. It does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors and of Notes, some of which (such as dealers in securities or commodities, certain non-Italian resident Noteholders purchasing Notes convertible or exchangeable into shares and holders of certain Credit Linked Notes) may be subject to special rules.

So that, prospective purchasers of the Notes are advised to consult in any case their own tax advisers concerning the overall tax consequences of their purchase, ownership and disposal of the Notes.

This summary is based upon the laws and/or practice in force as at the date of this Prospectus, which are subject to any changes in law and/or practice occurring after such date, which could be made on a retroactive basis.

Neither Mediobanca nor Mediobanca International will update this summary to reflect changes in law and/or practice. If any such change should occur, the information in this summary could become obsolete.

(A) Italian Taxation of the Notes issued by Mediobanca

Tax on interest, premiums and other proceeds

1. Notes qualifying as bonds or similar securities with a maturity of not less than 18 months

Italian Legislative Decree No. 239 of 1 April 1996 (“**Decree 239/1996**”), as amended and supplemented, regulates the tax treatment of interests, premiums and other incomes (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as “**Interest**”) paid under Notes issued by Mediobanca with a maturity of not less than 18 months, which qualify as bonds or securities similar to bonds (“*obbligazioni*” or “*titoli similari*”) pursuant to Article 44 of Italian Presidential Decree No. 917 of 22 December 1986, as amended and supplemented (“**Decree 917/1986**”) or to Article 12 of Italian Legislative Decree No. 385 of 1 September 1993.

Italian resident investors

Pursuant to Decree 239/1996, payments of Interest from such Notes issued by Mediobanca will be subject to substitute tax (“**Substitute Tax**”) at the final rate of 12,50% in the Republic of Italy if made to beneficial owners who are:

- (1) individuals resident in the Republic of Italy for tax purposes, holding Notes not in connection with entrepreneurial activities;
- (2) Italian resident partnerships (other than “*società in nome collettivo*”, “*società in accomandita semplice*” or similar partnerships), de facto partnerships not carrying out commercial activities; professional associations; Italian resident public and private entities, other than companies, not carrying out commercial activities; and
- (3) Italian resident entities exempt from corporate income tax.

(in each case unless the relevant Noteholder has entrusted the management of its financial assets, including the Notes, to an authorised intermediary and has opted for the so-called *risparmio gestito* regime according to Article 7 of Italian Legislative Decree No. 461 of 21 November 1997 (“**Decree 461/1997**”) - the “**Asset Management Option**”).

In the event that the Noteholders described above under (1) and (2) are engaged in an entrepreneurial activity to which the Notes are connected, the Substitute Tax applies as a provisional tax.

The 12.50 per cent. Substitute Tax will be generally applied by the qualified financial intermediaries resident in Italy that will intervene, in any way, in the collection of Interest on the Notes or in the transfer of the Notes (the “**Intermediaries**” and each an “**Intermediary**”).

Interest payments will not be subject to the 12.50 per cent. Substitute Tax if made to beneficial owners who are:

- (1) Italian resident corporations or permanent establishments in Italy of non resident corporations to which the Notes are effectively connected;
- (2) Italian resident collective investment funds, Italian SICAVs, Italian resident pension funds subject to the regime provided for by Article 17 of Italian Legislative Decree No. 252 of 5 December 2005 (“**Decree 252/2005**”), and Italian resident real estate investment funds;
- (3) Italian residents holding Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an Italian authorised financial intermediary and have opted for the Asset Management Option.

To ensure payment of Interest in respect of the Notes without the application of Substitute Tax, the investors indicated here above under (i) to (iii) must be the beneficial owners of payments of Interest on the Notes and timely deposit the Notes together with the coupons relating to such Notes directly or indirectly with an Italian authorised financial Intermediary.

Special rules apply if the Notes are part of an investment portfolio managed on a discretionary basis by an authorised intermediary and the beneficial owners of the Notes opt for the Asset Management Option and if the Notes are in the portfolio of Italian collective investment funds, SICAVs, pension funds and real estate investment funds.

Italian residents holding Notes not in connection with entrepreneurial activity who have opted for the Asset Management Option in connection with their investment in the Notes are subject to a 12.50 per cent. annual substitute tax, pursuant to Article 7 of Decree 461/1997 (the “**Asset Management Tax**”) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes during the holding period). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Italian resident collective investment funds and SICAVs are generally subject to a 12.50 per cent. annual substitute tax (the “**Collective Investment Fund Tax**”) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes during the holding period).

Italian resident pension funds subject to the regime provided by Article 17 of Decree 252/2005 are subject to a 11 per cent. annual substitute tax (the “**Pension Fund Tax**”) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes during the holding period).

Payments of Interest in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Italian Legislative Decree No. 58 of 24th February, 1998, as amended and supplemented, and Article 14-bis of Italian Law No. 86 of 25th January, 1994, are subject neither to Substitute Tax nor to any other income tax in the hands of a real estate investment fund.

Interest accrued on the Notes would be included in the corporate taxable income (and in certain circumstances also in the net value of production for the purposes of regional tax on productive activities - IRAP) of beneficial owners who are Italian resident corporations and permanent establishments in Italy of foreign corporations to which the Notes are effectively connected, subject to tax in Italy in accordance with ordinary tax rules.

Where the Notes and the relevant coupons are not deposited with an Intermediary, the Substitute Tax is applied and withheld by any Italian intermediary (or permanent establishment in Italy of foreign intermediary) that intervenes in the payment of Interest to any Noteholder or by the Issuer and Noteholders who are Italian resident companies or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected are entitled to deduct Substitute Tax suffered from income taxes due.

Non-Italian resident investors

Pursuant to Decree 239/1996, payments of Interest on such Notes issued by Mediobanca will be subject to final Substitute Tax at the rate of 12.50 per cent. in the Republic of Italy if made to beneficial owners who are non-Italian resident entities or individuals without a permanent establishment in Italy to which the Notes are effectively connected, which are not eligible for the exemption from Substitute Tax and/or do not timely and properly comply with the requirements set forth in Decree 239/1996 and the relevant application rules in order to benefit from the exemption from Substitute Tax. As to non-Italian resident beneficial owners,

Substitute Tax may apply at lower or nil rate under double taxation treaties entered into by Italy, where applicable, and in any case subject to proper compliance with subjective and procedural requirements provided for.

The 12.50 per cent. (or the lower rate provided for by the relevant applicable double taxation treaty) final Substitute Tax will be generally applied by any Italian resident qualified financial intermediaries that will intervene, in any way, in the collection of Interest on the Notes or in the transfer of the Notes.

Interest will not be subject to the 12.50 per cent. Substitute Tax if made to beneficial owners who are non-Italian resident beneficial owners of Notes with no permanent establishment in Italy to which the Notes are effectively connected, *provided that*:

- such non-Italian resident beneficial owners are resident for tax purposes in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information; and
- all the requirements and procedures set forth in Decree 239/1996 and the relevant implementing rules in order to benefit from the exemption from Substitute Tax have been promptly and properly complied with.

Decree 239/1996, as amended and restated, also provides for additional exemptions from Substitute Tax for payments of Interest in respect of the Notes made to:

- international bodies and organisations established in accordance with international agreements ratified in Italy;
- foreign institutional investors not subject to income tax or to other similar taxes, which are resident or established in countries which allow for an adequate exchange of information with Italy; and
- Central Banks or entities managing also official State reserves.

To ensure payment of Interest in respect of the Notes without the application of Substitute Tax, non Italian resident "qualified" investors must:

- be the beneficial owners of payments of Interest on the Notes or foreign institutional investors not subject to tax;
- timely deposit the Notes together with the coupons relating to such Notes directly or indirectly with an Italian authorised financial Intermediary or with a non-Italian resident entity participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economics, and
- promptly file with the relevant depository a self-declaration stating, *inter alia*, to be resident, for tax purposes, or established, as the case may be, in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information. Such self-declaration - which is not requested for international bodies or entities set up in accordance with international agreements ratified by Italy nor for foreign Central Banks or entities managing official State reserves - must comply with the requirements set forth by Italian Ministerial Decree of 12th December, 2001 and is valid until withdrawn or revoked. Additional statements may be required for non-Italian resident Noteholders who are institutional investors.

For the purposes of the above, the currently applicable "white list" of countries allowing for an adequate exchange of information with Italy is provided for by Italian Ministerial Decree 4 September 1996, as subsequently amended and supplemented. According to Budget Law 2008, a decree still to be issued is proposed to introduce a new "white list" ordered to replace the current one.

Early redemption

Without prejudice to the above provisions, in the event that Notes qualifying as "*obbligazioni*" or similar securities for Italian tax purposes issued by Mediobanca with an original maturity of not less than 18 months, are redeemed prior to 18 months from the issue date, the relevant Issuer will be required to pay an additional amount equal to 20 per cent. of the Interest accrued up to the time of early redemption. According to one interpretation of Italian tax law, the above 20% additional amount may also be due in the event that the Issuer were to purchase the Notes and subsequent cancel them prior to the aforementioned 18-months period.

2. Notes qualifying as bonds or similar securities with maturity less than 18 months

Interest payments relating to Notes qualifying as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) within the meaning of Article 44 of Decree 917/1986 issued by Mediobanca with

an original maturity of less than 18 months are subject to a withholding tax, levied by the Issuer at the rate of 27 per cent. pursuant to Article 26, first paragraph, of Italian Presidential Decree No. 600 of 29th September, 1973, as subsequently amended (“**Decree 600/1973**”).

Where the Noteholder is (i) an Italian resident individual engaged in an entrepreneurial activity to which the Notes are connected, (ii) an Italian resident company or a similar Italian resident commercial entity, (iii) a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected, (iv) an Italian resident commercial partnership, or (v) an Italian resident commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases, including when the Noteholder is a non-Italian resident, the withholding tax is a final withholding tax. In the case of non-Italian resident Noteholders, the 27 per cent. withholding tax rate may be reduced (in certain cases, to nil) by the applicable double tax treaty, if any, and in any case subject to proper compliance with relevant subjective and procedural requirements.

3. Notes qualifying as atypical securities

Interest payments relating to Notes issued by Mediobanca that are not deemed to fall within the category of (a) bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) or of (b) shares or securities similar to shares (*azioni* or *titoli similari alle azioni*), but qualify as atypical securities (*titoli atipici*) for Italian tax purposes, may be subject to a withholding tax, levied at the rate of 27 per cent. For this purpose, pursuant to Article 44 of Decree 917/1986, securities similar to bonds are securities that (i) incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value and (ii) do not grant to the relevant holders any right to directly or indirectly participate to the management of the issuer or of the business in relation to which they are issued or to control the same management.

Where the Noteholder is (i) an Italian resident individual engaged in an entrepreneurial activity to which the Notes are connected, (ii) an Italian resident company or a similar Italian resident commercial entity, (iii) a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected, (iv) an Italian resident commercial partnership or (v) an Italian resident commercial private or public institution, the above-mentioned 27% withholding tax is a provisional withholding tax. In all other cases, including when the Noteholder is a non-Italian resident, the withholding tax is a final withholding tax. Double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax in case of payments to non Italian resident Noteholders, subject to proper compliance with relevant subjective and procedural requirements.

(B) Tax regime for Mediobanca International issues

1. Tax treatment of the Notes in Luxembourg

Under the existing laws of Luxembourg as currently applied by the Luxembourg tax authorities:

- (a) all payments of interest and principal by the Issuer under the Notes can be made free of withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein except for interest paid or attributed to a natural person resident of an EU Member State or to a residual entity within the meaning of article 4§2 of the EC Council Directive no. 2003/48/EC on the taxation of savings income (implemented in Luxembourg by a law of 21 June 2005, Mémorial A 2005 n. 86 p. 1540 (the “Savings Law”). Under the Savings Law, which came into effect as of 1 July 2005, Luxembourg will levy a withholding tax on payments of interest or other similar income paid by a person within its jurisdiction to or for an individual resident in another EU member state unless such individual agrees to an exchange of information regarding the interest or similar income it received between the tax authorities of Luxembourg and the relevant EU member state. The rate of the withholding tax is equal to 20 per cent. as from 1 July 2008 and 35 per cent. as from 1 July 2011;
- (b) a holder of a Note who derives income from such Note or who realises a gain on the disposal or redemption thereof will not be subject to Luxembourg taxation on income or capital gains unless:
 - (i) such holder is, or is deemed to be, resident in Luxembourg (if such holder is a natural person such taxation will occur by way of a final 10 per cent. withholding tax); or
 - (ii) such income or gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg;
- (c) Luxembourg net wealth tax will not be levied on a holder of a Note unless:
 - (i) such holder is, or is deemed to be, resident in Luxembourg for the purpose of the relevant provisions (and such holder is not a natural person.); or

- (ii) such Note is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg;
- (d) no Luxembourg inheritance tax is levied on the transfer of Notes upon the death of a Noteholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes;
- (e) Luxembourg gift tax will be levied in the event that the gift is made pursuant to a notarial deed signed before a Luxembourg notary;
- (f) it is not compulsory that the Notes be filed, recorded or enrolled with any court, or other authority in Luxembourg or that registration tax, transfer tax, capital tax, stamp duty or any other similar tax or duty (other than court fees and contributions for the registration with the Chamber of Commerce) be paid in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgement in the courts of Luxembourg) of the Notes, in accordance therewith, except that, in case of use of the Notes, either directly or by way of reference (i) in a public deed, (ii) in a judicial proceeding in Luxembourg or (iii) before any other Luxembourg official authority (*autorité constituée*), registration may be ordered which implies the application of a fixed or an ad valorem registration duty and calculated on the amounts mentioned in the Notes;
- (g) there is no Luxembourg value added tax payable in respect of payments in consideration for the issue of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of Notes, provided, however, that Luxembourg value added tax may be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered, or are deemed to be rendered, in Luxembourg and an exemption from Luxembourg value-added tax does not apply with respect to such services; and
- (h) a holder of a Note will not become resident, or deemed to be resident, in Luxembourg by reason only of the holding of such Note or the execution, performance, delivery and/or enforcement of that or any other Note.

2. Tax treatment of the Notes in Italy for Italian resident investors.

Tax on interest, premiums and other proceeds

2.1. Notes qualifying as bonds or similar securities

Decree 239/1996 also provides for the applicable Italian tax regime of interest and similar proceeds derived by Italian resident noteholders from notes falling within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) within the meaning of Article 44 of Decree 917/1986, issued by non-Italian resident issuers.

Italian resident Noteholders

Pursuant to Decree 239/1996, a final Substitute Tax at a rate of (a) 12.5 per cent. in relation to Notes issued for an original maturity of not less than 18 months, and (b) 27 per cent. in relation to Notes issued for an original maturity of less than 18 months, is applied on Interest on Notes qualifying as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) within the meaning of Article 44 of Decree 917/1986 issued by a non-Italian resident issuer accrued during the relevant holding period, if received by (i) an Italian resident individual not engaged in an entrepreneurial activity to which the Notes are connected, (ii) an Italian resident non commercial partnership, (iii) an Italian resident non-commercial private or public institution, or (iv) an Italian resident investor exempt from Italian corporate income taxation (in each case and in relation to Notes issued for an original maturity of not less than 18 months only, unless the relevant Noteholder has entrusted the management of its financial assets, including the Notes, to an Italian authorized intermediary and has opted for the Asset Management Option). If the Noteholders described under (i) and (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, the Substitute Tax applies as a provisional tax.

Substitute Tax is generally applied by an Intermediary.

Where the Notes and the relevant coupons are not deposited with an Intermediary, the Substitute Tax is applied and withheld by any Italian intermediary (or permanent establishment in Italy of foreign intermediary) that intervenes in the payment of Interest to any Noteholder and Noteholders who are Italian resident companies or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected are entitled to deduct Substitute Tax suffered from income taxes due. Where Interest on Notes beneficially owned by the subjects under (i) to (iv) above are not collected through the intervention of an Italian resident intermediary and as such no Substitute Tax is applied, the above Italian resident beneficial owners will be required to declare Interest in their yearly income tax return and subject them to final substitute

tax at a rate of 12.5 or 27 per cent, depending on the original maturity of the Notes (only limited to those Noteholders not engaged in a business activity to which the Notes are effectively connected), unless option for a different regime is allowed and made. Italian resident Noteholders that are individuals not engaged in entrepreneurial activity may elect instead to pay ordinary personal income taxes at the progressive rates applicable to them in respect of Interest on such Notes: if so, the beneficial owners should be generally entitled to a tax credit for withholding taxes applied outside Italy, if any.

Where an Italian resident Noteholder who is beneficial owner of the Notes 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 and relevant coupons are timely deposited with an Intermediary, Interest from the Notes will not be subject to Substitute Tax, but must be included in the relevant Noteholder's annual 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 IRAP). In such cases, the beneficial owners should be generally entitled to a tax credit for withholding taxes applied outside Italy, if any.

If the Notes are issued for an original maturity of less than 18 months, the 27 per cent. Substitute Tax is also applied to any payment of Interest relating to the Notes made to (i) Italian pension funds (subject to the regime provided for by Article 17 of Decree 252/2005), (ii) Italian open-ended or closed-ended investment funds, and (iii) Italian SICAVs.

Where an Italian resident Noteholder has opted for the Asset Management Option with respect to its investment in Notes issued by a non-Italian resident issuer for an original maturity of not less than 18 months, such Noteholder will be subject to a 12.5 per cent annual substitute tax on the increase in value of the managed assets accrued at the end of each tax year (the Asset Management Tax). In such case, Interest accrued during the holding period on Notes issued for an original maturity of not less than 18 months will be included in the calculation of said annual increase in value of managed assets and will not be subject to the Substitute Tax.

For those categories of Noteholders not specifically mentioned in this paragraph and for Noteholders who are Italian pension funds (subject to the regime provided for by Article 17 of Decree 252/2005), Italian open-ended or closed-ended investment funds and Italian SICAVs holding Notes issued for an original maturity not less than 18 months, please refer to paragraph "Italian Taxation of the Notes issued by Mediobanca - Tax on interest, premiums and other proceeds - 1. Notes qualifying as bonds or similar securities with maturity not less than 18 months - *Italian resident investors*" above.

Non-Italian resident Noteholders

No Italian Substitute Tax is applied on payments to a non-Italian resident Noteholder of Interest relating to Notes issued by a non-Italian resident issuer.

If Notes issued by a non-Italian resident issuer and beneficially owned by non-Italian residents are deposited with an Italian bank or other resident intermediary (or permanent establishment in Italy of foreign intermediary) or are sold through an Italian bank or other resident intermediary (or permanent establishment in Italy of foreign intermediary) or in any case an Italian resident intermediary (or permanent establishment in Italy of foreign intermediary) intervenes in the payment of Interest on such Notes, to ensure payment of Interest without application of Italian taxation a non-Italian resident Noteholder may be required to produce to the Italian bank or other intermediary a self-declaration stating that he or she is not resident in Italy for tax purposes.

Early Redemption

Without prejudice to the above provisions, in the event that Notes issued by a non-Italian resident issuer and having an original maturity of at least 18 months are redeemed, in full or in part, prior to 18 months from the relevant issue date, certain Italian resident Noteholders will be required to pay, by way of a withholding to be applied by any Italian withholding agent that intervenes in the collection of Interest or the redemption of the Notes, an additional amount equal to 20 per cent. of the Interest accrued on the Notes up to the time of the early redemption. According to one interpretation of Italian tax law, the above 20% additional amount may also be due in the event that the issuer were to purchase the Notes and subsequent cancel them prior to the aforementioned eighteen-months period.

2.2. Notes qualifying as atypical securities

Interest payments to Italian resident Noteholders relating to Notes issued by a non-Italian resident issuer that are not deemed to fall within the category of (a) bonds (*obbligazioni*) or securities similar to bonds

(*titoli similari alle obbligazioni*) or of (b) shares or securities similar to shares (*azioni* or *titoli similari alle azioni*), but qualify as atypical securities (*titoli atipici*) for Italian tax purposes, may be subject to Italian withholding tax, levied at the rate of 27 per cent. For this purpose, pursuant to Article 44 of Decree 917/1986, securities similar to bonds are securities that (i) incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value and (ii) do not grant to the relevant holders any right to directly or indirectly participate to the management of the issuer or of the business in relation to which they are issued or to control the same management.

If the Notes are issued by a non-Italian resident issuer, a 27 per cent. “entrance” withholding tax may apply in Italy if the Notes are placed (“*collocate*”) in Italy and Interest payments on the Notes are collected through an Italian bank or other qualified financial intermediary. However, the 27% “entrance” withholding tax does not apply to Interest payments made:

- a) to a non-Italian resident Noteholder. If Notes issued by a non-Italian resident issuer and beneficially owned by non-Italian residents are deposited with an Italian bank or other resident intermediary (or permanent establishment in Italy of foreign intermediary) or are sold through an Italian bank or other resident intermediary (or permanent establishment in Italy of foreign intermediary) or in any case an Italian resident intermediary (or permanent establishment in Italy of foreign intermediary) intervenes in the payment of Interest on such Notes, to ensure payment of Interest without application of Italian taxation a non-Italian resident Noteholder may be required to produce to the Italian bank or other intermediary a self-declaration stating that he or she is not resident in Italy for tax purposes; and
- b) to an Italian resident Noteholder which is (i) a company or similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are effectively connected), (ii) a commercial partnership, or (iii) a commercial private or public institution. In particular, in such cases, Interest must be included in the relevant Noteholder’s annual income tax return, to be therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the “*status*” of the Noteholder, also to IRAP) according to the ordinary rules and the beneficial owners should be generally entitled to a tax credit for withholding taxes applied outside Italy, if any.

With respect to the other categories of Italian resident Noteholders, if Interest payments on Notes issued by a non-Italian resident issuer are not collected through an Italian resident bank or other qualified financial intermediary, and as such no “entrance” withholding tax is required to be levied, such Noteholders will be required to report the payments in their yearly income tax return and subject them to a final substitute tax at rate of 27 per cent (only limited to those Noteholders not engaged in a business activity to which the Notes are effectively connected). Italian resident individual beneficial owners holding Notes not in connection with a business activity may elect instead to pay ordinary personal income tax at the progressive rates applicable to them in respect of Interest payments: if so, the beneficial owners should generally benefit from tax credit for withholding taxes applied outside Italy, if any.

In case Notes issued by a non-Italian resident issuer are held by an Italian resident individual engaged in a business activity and are effectively connected with same business activity, the Interest will be subject to the 27 per cent. “entrance” withholding tax on a provisional basis and will be included in the relevant income tax return. As a consequence, the Interest will be subject to the ordinary income tax and the withholding tax may be recovered as a deduction from the income tax due.

2.3 Payments under the Guarantee

There is no authority directly regarding the Italian tax regime of payments on notes made by an Italian resident guarantor. Accordingly, there can be no assurance that the Italian tax authorities will not assert an alternative treatment of such payments than that set forth herein or that the Italian courts would not support such an alternative treatment.

With respect to payments on the Notes made to Italian resident Noteholders by an Italian resident guarantor, in accordance with one interpretation of Italian tax law, any such payments may be subject to Italian withholding tax at the rate of 12.5 per cent levied as a final tax or a provisional tax (“*a titolo d’imposta o a titolo di acconto*”) depending on the “*status*” of the Noteholder, pursuant to Decree 600/1973. In the case of payments to non-Italian resident Noteholders, the withholding tax should be final and may be applied at (i) 12.5 per cent., if the payment is made to non-Italian resident Noteholders, other than those mentioned under (ii); or (ii) 27 per cent., if payments are made to non-Italian resident Noteholders who are resident in “*tax haven*” countries (as currently defined and listed in Ministerial Decree of 23 January 2002, as amended from time to time). Double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax in case of payments to non Italian residents, subject to proper

compliance with relevant subjective and procedural requirements. In accordance with another interpretation, any such payment made by the Italian resident guarantor should be treated, in certain circumstances, as a payment by the relevant issuer and should thus be subject to the tax regime described in the previous paragraphs of this section.

(C) General Provisions applicable in Italy to both Mediobanca and Mediobanca International Issues

Capital gains tax

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable business 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 resident 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 an individual not engaged in an entrepreneurial activity to which the Notes are connected and certain other persons, any capital gain realised by such Noteholder from the sale or redemption of the Notes (including Notes convertible or exchangeable into shares, but only where the sale or redemption of such Notes by a Noteholder does not qualify as disposal of a qualified participation in the relevant underlying entity ⁽²⁾) would be subject to an *imposta sostitutiva*, levied at the current rate of 12.5 per cent.. Noteholders may generally set-off capital losses with gains of the same nature.

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 of the same nature, 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 of the same nature, 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 of the same nature 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 under the “*risparmio amministrato*” regime provided for by Article 6 of Decree 461/1997 (the “**Risparmio Amministrato**”). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries (or permanent establishments in Italy of foreign intermediaries) and (ii) an express election for the *Risparmio Amministrato* regime being timely 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, net of any incurred capital loss of the same nature, 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 of the same nature subsequently realised, within the same securities management relationship, 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.

- (2) The disposal of a “qualified” participation in a corporation is deemed to occur when a beneficial owner:
- (i) owns shares (other than saving shares), securities and/or rights through which shares may be acquired representing, in the aggregate, a Qualified Participation, as defined below, and
 - (ii) in any 12-month period following the date the ownership test under (i) is met, such beneficial owner engages in the disposal of shares, securities and/or rights through which shares may be acquired that individually or in the aggregate constitute a Qualified Participation.

For the purposes of the above, a participation is defined as qualified participation (“**Qualified Participation**”) if the shares (other than saving shares - *azioni di risparmio*), securities and/or rights through which shares may be acquired - including rights under notes convertible or exchangeable into shares - held by a person amount to/represent (i) more than 2% or 20% of the shares with voting rights in the general shareholders’ meeting or (ii) more than 5% or 25% of the share capital, depending on whether the participated company is or not listed on a regulated market.

Any capital gains on Notes held 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 Asset Management Option 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 12.5 per cent. substitute Asset Management Tax, to be paid by the managing authorised intermediary. Under the Asset Management Option, 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 Asset Management Option, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Any capital gains on Notes held by a Noteholder who is an Italian open-ended or a closed-ended investment fund or a SICAV will be included in the result of the relevant portfolio accrued at the end of the tax period, to be generally subject to the 12.5 per cent. Collective Investment Fund Tax (pursuant to Article 8 of Italian Legislative Decree 23 December 1999, No. 505, in certain cases, with respect to investment funds and SICAVs with less than 100 participants – save for the case that more than 50% of the funds' units or SICAVs' shares are held by qualified investors, other than individuals – the collective investment fund tax should be increased to 27 per cent. for the part of accrued result of the relevant portfolio related to certain qualified participations, including certain rights under Notes convertible or exchangeable certain shares).

Any capital gains on Notes held by a Noteholder who is an Italian pension fund (subject to the regime provided for by Article 17 of Decree 252/2005) 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. Pension Fund Tax.

Capital gains realised by non-Italian-resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected from the sale or redemption of Notes traded on regulated markets in Italy or abroad (other than Notes convertible or exchangeable into shares) are not subject to the *imposta sostitutiva*, regardless of whether the Notes are held in Italy. In such a case, in order to benefit from this exemption from Italian taxation on capital gains, non-Italian resident Noteholders who hold the Notes with an Italian authorized financial intermediary and elect to be subject to the Asset Management Option or are subject to the *Risparmio Amministrato* regime according to Article 6 of Decree 461/1997, may be required to produce in due time to the Italian authorized financial intermediary an appropriate self-declaration that they are not resident in Italy for tax purposes.

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected from the sale or redemption of Notes (other than Notes convertible or exchangeable into shares) not traded on regulated markets issued by an Italian or non-Italian resident issuer may in certain circumstances be taxable in Italy, if the Notes are held in Italy.

Different rules may apply with respect to taxation of capital gains realized by non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected upon sale or redemption of Notes convertible or exchangeable into shares.

However, non-Italian resident beneficial owners of Notes without a permanent establishment in Italy to which the Notes are effectively connected are not subject to the *imposta sostitutiva* on capital gains realised upon sale or redemption of the Notes (including Notes convertible or exchangeable into shares, but only where the sale or redemption of such Notes by a Noteholder does not qualify as disposal of a Qualified Participation in the relevant underlying entity), provided that the effective beneficiary: (i) is resident in a country which allows for an adequate exchange of information with Italy; or (ii) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (iii) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (iv) is an institutional investor which is resident or established in a country which allows for an adequate exchange of information with Italy, even if it does not possess the status of taxpayer in its own country of residence. In such cases, in order to benefit from this exemption from Italian taxation on capital gains, non-Italian resident Noteholders who hold the Notes with an Italian authorized financial intermediary and elect to be subject to the Asset Management Option or are subject to the *Risparmio Amministrato* regime according to Article 6 of Decree 461/1997, may be required to produce in due time to the Italian authorized financial intermediary an appropriate self-declaration stating that they meet the subjective requirements indicated above. Additional statements may be required for non-Italian resident Noteholders who are institutional investors.

Please note that, for the purpose of the above, the currently applicable “white list” of countries allowing for an adequate exchange of information with Italy is provided for by Italian Ministerial Decree 4 September 1996, as subsequently amended and supplemented. According to the Budget Law 2008, a decree still to be issued is proposed to introduce a new “white list” replacing the current one.

Moreover, 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 (including Notes convertible or exchangeable into shares) 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. In such a case, in order to benefit from this exemption from Italian taxation on capital gains, non-Italian resident Noteholders who hold the Notes with an Italian authorized financial intermediary and elect to be subject to the Asset Management Option or are subject to the *Risparmio Amministrato* regime according to Article 6 of Decree 461/1997, may be required to produce in due time to the Italian authorized financial intermediary appropriate documents which include, *inter alia*, a statement from the competent tax authorities of the country of residence.

Please note that for a non-Italian resident, the *Risparmio Amministrato* regime provided for by Article 6 of Decree 461/1997 shall automatically apply, unless it expressly waives this regime, where the Notes are deposited in custody or administration with an Italian resident authorized financial intermediary or permanent establishment in Italy of foreign intermediary.

In the case of Notes that qualify as atypical securities, based on a very restrictive interpretation, capital gains realized thereon could be treated as proceeds derived under the Notes, to be subject to the 27 per cent. withholding tax mentioned under paragraphs (A) 3. and (B) 2.2. “Notes qualifying as atypical securities”, above.

Moreover, different rules may apply with respect to taxation of capital gains realized upon sale or redemption of Notes convertible or exchangeable into shares, where the sale or redemption of such Notes by a Noteholder does qualify as disposal of a Qualified Participation in the relevant underlying entity.

Tax Monitoring

Pursuant to Italian Law Decree No. 167 of 28 June 1990, converted by Law No. 227 of 4 August 1990, as amended (“**Decree 167/1990**”), individuals, non commercial institutions and non-commercial partnerships resident in Italy who, at the end of the fiscal year, hold investments abroad or have foreign financial assets (including Notes held abroad and/or Notes issued by a non-Italian resident issuer) must, in certain circumstances, disclose the aforesaid and related transfers to, from and occurred abroad, to the Italian Tax Authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time prescribed for the income tax return). This obligation does not exist (i) in cases where each of the overall value of the foreign investments or financial assets at the end of the fiscal year, and the overall value of the related transfers to, from and occurred abroad carried out during the relevant fiscal year, does not exceed ? 10.000, as well as (ii) in case the financial assets are given in administration or management to Italian banks, SIMs, fiduciary companies or other professional intermediaries, indicated in Art. 1 of Decree 167/1990, or if one of such intermediaries intervenes, also as a counterpart, in their transfer, provided that income deriving from such financial assets is collected through the intervention of such an intermediary.

Inheritance and gift taxes

Transfers of any valuable asset (including bonds or other securities) as a result of death or donation of Italian residents and of non-Italian residents, but in such latter case limited to assets held within the Italian territory (which, for presumption of law, includes bonds issued by Italian resident issuers), are generally taxed in Italy 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 €1,000,000 for each beneficiary;
- (ii) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree 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. 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 €100,000 for each beneficiary; and
- (iii) any other transfer is 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.

(D) General Provisions applicable in Luxembourg to both Mediobanca and Mediobanca International Issues

There is no Luxembourg registration tax, stamp duty or any similar tax or duty payable in Luxembourg by the Noteholders as a consequence of the issuance of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer of redemption or repurchase of the Notes.

There is no Luxembourg value added tax payable in respect of payments in consideration for the issue of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of Notes, *provided, however*, that Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered, or are deemed to be rendered, in Luxembourg and an exemption from Luxembourg value-added tax does not apply with respect to such services.

Luxembourg net wealth tax will not be levied on a note holder, unless such note holder is resident in Luxembourg for the purpose of the relevant legal provisions; or the Notes are attributable to an enterprise or part thereof which is carried on through a permanent representative in Luxembourg.

No estate or inheritance taxes are levied on the transfer of the Notes, upon death of a noteholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes. Gift tax may be due on a gift or donation of Notes, if the gift is recorded in a deed passed in front of a Luxembourg notary or registered in Luxembourg.

(E) EU Savings Directive

Under EC Council Directive 2003/48/EC 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 person within its jurisdiction to, or collected by such a person in favour of, a beneficial owner that is, an individual resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full 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, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident 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 in one of those territories.

Implementation in Italy

Italy has implemented the Directive through Legislative Decree No. 84 of 18 April 2005 (“**Decree 84**”). Under Decree 84, subject to a number of important conditions being met, where interest is paid (including interest accrued on the Notes at the time of their disposal) to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State or in a dependent or associated territory under the relevant International agreement (currently Jersey, Guernsey, the Isle of Man, the Netherlands Antilles, the British Virgin Islands, Turks and Caicos Islands, the Cayman Islands, Montserrat, Anguilla and Aruba), Italian paying agents (including any banks, SIMs, fiduciary companies and SGRs resident for tax purposes in Italy) are required to report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the state of residence of the beneficial owner.

In certain circumstances, the same reporting requirements must be complied with also in respect of interest paid to an entity established in another EU Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), whose profits are taxed under general arrangements for business taxation and, in certain circumstances, UCITS recognised in accordance with Directive 85/311/EEC.

Implementation in Luxembourg

The Savings Tax Directive was implemented in Luxembourg by the Law of 21 June 2005.

GENERAL INFORMATION

(1) Listing and Admission to Trading

Application has been made to the CSSF to approve this Base Prospectus as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be listed on the Official List and admitted to trading on the regulated market of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC).

However, Notes may be issued pursuant to the Programme which will not be listed or admitted to trading on the Luxembourg Stock Exchange or any other stock exchange or which will be listed or admitted to trading on such stock exchange as the Issuers and the relevant Dealer(s) may agree.

The CSSF may, at the request of the relevant Issuer, send to the competent authority of another European Economic Area Member State: (i) a copy of this Base Prospectus; (ii) an Attestation Certificate; and (iii) if so required by such competent authority, a translation of the Summary set out on pages 6 to 13 of this Base Prospectus.

- (2) Each Issuer and the Guarantor has obtained all necessary consents, approvals and authorisations in Luxembourg and the Republic of Italy in connection with the establishment and update of the Programme and the issue and performance of the Notes and the guarantee relating to them. The establishment and update of the Programme and the issue of the Notes was authorised under the terms of resolutions of the Board of Directors of Mediobanca passed on 29 October 2001, 14 May 2003, and 13 May 2004 and a resolution of the Management Board of Mediobanca passed on 24 September 2007 and by a resolution adopted by the Executive Committee of Mediobanca passed on 27 March 1998, 29 October 2001, 13 May 2005 and 28 October 2006 and by resolutions of the Board of Directors of Mediobanca International passed on 27 January 1998, 17 May 2002, 8 May 2003, 6 May 2004, 21 December 2005, 16 November 2006, 1 October 2007, 13 May 2008 and 25 November 2008. The giving of the guarantee relating to the relevant Notes by the Guarantor was authorised by resolutions adopted by the Executive Committee of the Guarantor passed on 27 March 1998, 29 October 2001, 13 May 2005, 28 October 2006 and by a resolution adopted by the Management Board of the Guarantor dated 24 September 2007.
- (3) The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.
- (4) Save as disclosed in this Base Prospectus, Mediobanca International (where Mediobanca International is the Issuer) is not and none of Mediobanca and its consolidated subsidiaries (where Mediobanca is the Issuer or the Guarantor) is or has been involved in any governmental, legal, arbitration or administrative proceedings in the 12 months preceding the date of this document relating to claims or amounts which may have, or have had in the recent past, a significant effect on the Group's financial position or profitability and, so far as Mediobanca or, as the case may be, Mediobanca International is aware, no such litigation, arbitration or administrative proceedings are pending or threatened.
- (5) Save as disclosed in this Base Prospectus, neither Mediobanca nor Mediobanca International nor any of Mediobanca's subsidiaries has entered into any contracts in the last two years outside the ordinary course of business that have been or may reasonably be expected to be material to such Issuer's ability to meet its obligations to Noteholders.
- (6) Save as otherwise disclosed in this Base Prospectus in the case of Mediobanca (a) since 30 September 2008 (being the day on which the latest available interim financial statements have been prepared) there has been no significant change in the financial condition of Mediobanca or its subsidiaries, and (b) since 30 June 2008 (being the last day of the financial period in respect of which the most recent audited annual financial statements of Mediobanca have been prepared) there has been no material adverse change in the financial condition of Mediobanca or its subsidiaries
- (7) Save as disclosed in this Base Prospectus, since 30 June 2008 in the case of Mediobanca International (being the last day of the financial period in respect of which the most recent and available audited financial statements of Mediobanca International have been prepared) there has been no significant change, nor material adverse change, in the financial or other position or prospects of Mediobanca International.
- (8) Notes will be accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code and the International Securities Identification Number (ISIN) for each Series of Notes will be set out in the relevant Final Terms.

- (9) For so long as the Programme remains in effect or any Notes remain outstanding, the following documents will be available, and in the case of paragraphs (vii), (viii), (ix), (x) and (xi) below, may be obtained free of charge during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Fiscal Agent and the Paying Agent:
- (i) the Issue and Paying Agency Agreement;
 - (ii) the Dealer Agreement;
 - (iii) the Deeds of Covenant;
 - (iv) the Deed of Guarantee;
 - (v) the Programme Manual (being a manual signed for the purposes of identification by the Issuers and the Fiscal Agent, containing suggested forms and operating procedures for the Programme, including the forms of the Notes in global and definitive form);
 - (vi) the By-laws (*Statuto*) of Mediobanca and articles of incorporation of Mediobanca International;
 - (vii) the Mediobanca Registration Document;
 - (viii) the published annual financial statements of Mediobanca International as at and for the years ended 30 June 2008, 2007 and 2006;
 - (ix) the consolidated annual financial statements of Mediobanca as at and for the years ended 30 June 2008, 2007 and 2006 and the unaudited consolidated quarterly financial statements of Mediobanca as at and for the three months ended 30 September 2008, 2007 and 2006;
 - (x) Final Terms for Notes which are listed on the Luxembourg Stock Exchange or any other stock exchange; and
 - (xi) a copy of this Base Prospectus together with any Supplement to this Base Prospectus or further Base Prospectus.
- (10) Copies of the latest annual consolidated financial statements of Mediobanca and annual financial statements of Mediobanca International, unaudited consolidated interim financial statements of Mediobanca, unaudited consolidated quarterly financial statements of Mediobanca and the latest semi-annual interim financial statements of Mediobanca International (if published), may be obtained at the specified office of the Paying Agent during normal business hours, so long as any of the Notes is outstanding.
- (11) The Issuers do not intend to provide any post-issuance information in relation to any assets underlying issues of Notes constituting derivative securities.
- (12) The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.
- (13) The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

REGISTERED OFFICE

**MEDIOBANCA - Banca di Credito
Finanziario S.p.A.**
Piazzetta E. Cuccia, 1
20121 Milan
Italy

**Mediobanca International
(Luxembourg) S.A.**
14 Boulevard Roosevelt
L-2450 Luxembourg
Grand Duchy of Luxembourg

ARRANGER

MEDIOBANCA - Banca di Credito Finanziario S.p.A.
Piazzetta E. Cuccia, 1
20121 Milan
Italy

DEALERS

Banca Aletti & C. S.p.A.
Via Roncaglia, 12
20146 Milan
Italy

Banca IMI S.p.A.
Piazzetta G. Dell'Amore, 3
20121 Milan
Italy

Banco Bilbao Vizcaya Argentaria, S.A.
Via de los Poblados s/n
Capital Markets, Second Floor
28033 Madrid
Spain

Banco Santander, S.A.
Ciudad Grupo Santander
Edificio Encinar Planta Baja
Avda de Cantabria
28660 Boadilla del Monte
Madrid
Spain

Barclays Bank PLC
5 The North Colonnade
London E14 4BB
United Kingdom

Bayerische Hypo-und Vereinsbank AG
Arabellastrasse 12
81925 Munich
Germany

BNP PARIBAS
10 Harewood Avenue
London NW1 6AA
United Kingdom

CALYON
9, quai du Président
92920 Paris
La Defense Cedex
France

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB

**MEDIOBANCA - Banca di Credito
Finanziario S.p.A.**
Piazzetta E. Cuccia, 1
20121 Milan
Italy

**Mediobanca International
(Luxembourg) S.A.**
14 Boulevard Roosevelt
L-2450 Luxembourg
Grand Duchy of Luxembourg

Société Générale
29 Boulevard Haussmann
75009 Paris
France

The Royal Bank of Scotland plc
135, Bishopsgate
London EC2M 3UR
United Kingdom

UBS Limited
1 Finsbury Avenue
London EC2M 2PP
United Kingdom

LEGAL ADVISERS TO THE ISSUERS AND THE GUARANTOR

As to Italian law
Legance Studio Legale Associato
Via Dante, 7
20121 Milan
Italy

As to Luxembourg law
Bonn Schmitt Steichen,
44 rue de la Vallée,
L-2661 Luxembourg
Grand Duchy of Luxembourg

**TAX ADVISER TO MEDIOBANCA - BANCA DI CREDITO FINANZIARIO S.p.A.
AS ISSUER AND GUARANTOR**

Vitali Romagnoli Piccardi e Associati
Via Crocefisso, 12
20122 Milan
Italy

LEGAL ADVISERS TO THE DEALERS

As to English and Italian law
Latham & Watkins (London) LLP
Via Festa del Perdono, 10
20122 Milan
Italy

AUDITORS TO MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.

Ernst & Young S.A.
7, Parc d'Activité Syrdall
L-5365 Munsbach
Luxembourg

AUDITORS TO MEDIOBANCA - BANCA DI CREDITO FINANZIARIO S.p.A.

Reconta Ernst & Young S.p.A.
Via della Chiusa, 2
20123 Milan
Italy

FISCAL AGENT, PAYING AGENT AND CALCULATION AGENT

BNP Paribas Securities Services, Luxembourg Branch
33, rue de Gasperich
Howald - Hesprange
L-2085 Luxembourg

LISTING AGENT

BNP Paribas Securities Services, Luxembourg Branch
33, rue de Gasperich
Howald - Hesprange
L-2085 Luxembourg