



Salini Impregilo S.p.A.

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

€500,000,000

1.750 per cent. Notes due 26 October 2024

The issue price of the €500,000,000 1.750 per cent. Notes due 26 October 2024 (the “Notes”) of Salini Impregilo S.p.A. (the “Issuer” or “Salini Impregilo”) is 100 per cent. of their principal amount.

Unless previously redeemed or cancelled, the Notes will be redeemed at their principal amount on 26 October 2024. The Notes are subject to redemption, in whole but not in part, at their principal amount, plus interest, if any, to the date fixed for redemption at the option of the Issuer at any time in the event of certain changes affecting taxation in the Republic of Italy. In addition, the holder of a Note may, by the exercise of the relevant option, require the Issuer to redeem such Note at 100 per cent. of its principal amount together with accrued and unpaid interest (if any) upon the occurrence of a Change of Control (as defined below). The Issuer may also elect to redeem all, but not some only, of the Notes at an amount calculated on a “make whole” basis. See Condition 7 (*Redemption and Purchase*).

The Notes will bear interest from 26 October 2017 (the “Issue Date”) at the rate of 1.750 per cent. per annum payable annually in arrears on 26 October each year commencing on 26 October 2018. Payments on the Notes will be made in Euro without deduction for or on account of taxes imposed or levied by the Republic of Italy to the extent described under Condition 9 (*Taxation*).

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

The prospectus (the “Prospectus”) has been approved by the Central Bank of Ireland (the “Central Bank”), as competent authority under Directive 2003/71/EC (the “Prospectus Directive”). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any member state of the European Economic Area. Application has been made to the Irish Stock Exchange plc (the “Irish Stock Exchange”) for the Notes to be admitted to the Official List and trading on its regulated market.

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

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

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

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

The Notes will be rated BB+ by S&P Global Ratings Italy S.r.l. (“S&P”). S&P is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the “CRA Regulation”). S&P appears on the latest update of the list of registered credit rating agencies on the ESMA website <http://www.esma.europa.eu>.

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

JOINT LEAD MANAGERS

Banca IMI
BNP PARIBAS
Natixis

Banco Bilbao Vizcaya Argentaria, S.A.
Goldman Sachs International
Santander Global Corporate Banking

UniCredit Bank

CO-MANAGERS

Banca Akros S.p.A. - Gruppo Banco
BPM

MPS Capital Services

Prospectus dated 24 October 2017

IMPORTANT NOTICES

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

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

The Issuer has confirmed to Banca IMI S.p.A., Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., BNP Paribas, Goldman Sachs International, Natixis and UniCredit Bank AG (the “**Joint Lead Managers**”) and Banca Akros S.p.A. - Gruppo Banco BPM and MPS Capital Services Banca per le Imprese S.p.A. (the “**Co-Managers**” and, together with the Joint Lead Managers, the “**Managers**”) that: this Prospectus contains or incorporates all information regarding the Issuer and the Group as of the date of this Prospectus (where “**Group**” means the Issuer and its consolidated subsidiaries) and the Notes which are (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer or the Group are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

To the fullest extent permitted by law, none of the Managers, BNY Mellon Corporate Trustee Services Limited as trustee (the “**Trustee**”) or The Bank of New York Mellon as principal paying agent (the “**Principal Paying Agent**”) accepts any responsibility for the contents of this Prospectus or for any other statements made or purported to be made by any of the Managers or on its behalf or by the Trustee or on its behalf or by the Principal Paying Agent or on its behalf in connection with the Issuer or issue and offering of any Note. Each of the Managers, the Trustee and the Principal Paying Agent disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Prospectus or any such statement.

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

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

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

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that the information contained herein concerning the Issuer and/or its Group is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same or that there has been no adverse change, or any event reasonably likely to

involve any adverse change, in the condition (financial or otherwise) of the Issuer and/or the Group since the date of this Prospectus.

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

This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Notes.

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

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*".

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

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

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

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

Stabilisation

In connection with the issue of the Notes, UniCredit Bank AG (the "Stabilising Manager") (or persons acting on behalf of the Stabilising Manager) may over allot Notes or effect transactions for a limited time with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail in the open market. However, stabilisation may not necessarily occur. Any stabilisation action, if commenced, may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, and must be brought to an end no later than the earlier of 30 days after the Issue Date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the

Stabilising Manager (or any Person acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

Forward-looking statements

This Prospectus may contain forward-looking statements, including (without limitation) statements identified by the use of terminology such as “anticipates”, “believes”, “estimates”, “expects”, “intends”, “may”, “plans”, “projects”, “will”, “would” or similar words. These statements are based on the Issuer’s current expectations and projections about future events and involve substantial uncertainties. All statements, other than statements of historical facts, contained herein regarding the Issuer’s strategy, goals, plans, future financial position, projected revenues and costs or prospects are forward-looking statements. Forward-looking statements are subject to inherent risks and uncertainties, some of which cannot be predicted or quantified. Future events or actual results could differ materially from those set forth in, contemplated by or underlying forward-looking statements. The Issuer does not undertake any obligation to publicly update or revise any forward-looking statements.

Market share information and statistics

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to the Group’s business contained in this Prospectus consists of estimates based on data reports compiled by professional organisations and analysts, on data from other external sources, and on the Issuer’s knowledge of its reference markets. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring the Issuer to rely on internally developed estimates. While the Issuer has compiled, extracted and accurately reproduced market or other industry data from external sources, including third parties or industry or general publications, neither the Issuer nor the Managers have independently verified that data. As far as the Issuer is aware, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer cannot assure investors of the accuracy and completeness of, and takes no responsibility for, such data other than the responsibility for the correct and accurate reproduction thereof.

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RISK FACTORS

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

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes, but the inability of the Issuer 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 Issuer based on information currently available to them and which they may not currently be able to anticipate.

FACTORS THAT MAY AFFECT THE ISSUER’S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE NOTES

The following risk factors apply to the Issuer and the Salini Impregilo Group

The amount and the terms of the indebtedness of the Issuer could adversely affect its business and liquidity position

As at 30 June 2017, the Salini Impregilo Group had €2.5 billion of total gross indebtedness.

The Group’s indebtedness may increase from time to time for various reasons, including fluctuations in operating results, capital expenditures and potential acquisitions or joint ventures.

Certain of the Group’s debt instruments and financing agreements contain covenants that impose restrictions on the way the Issuer can operate, including certain covenants pursuant to which the Issuer is committed to maintaining certain financial ratios and a limitation on total consolidated debt, as well as change of control provisions which give the lenders or noteholders a right to request prepayment. Moreover, certain financing agreements of the Issuer contain a prohibition on the distribution of dividends as long as an event of default under the relevant financing agreement has occurred and is continuing (see “*Description of the Issuer - Financing*”).

Should market conditions deteriorate or fail to improve, or its operating results decrease, the Issuer may have to request amendments or waivers to its covenants and restrictions. However, there can be no assurance that the Issuer will be able to obtain such relief. A breach of any of these covenants or restrictions could result in a default and acceleration that would, subject to certain thresholds, permit its creditors to declare all amounts borrowed to be due and payable, together with accrued and unpaid interest and the commitments of the relevant lenders to make further extensions of credit could be terminated. Furthermore, certain financing agreements of the Group provide for cross-default clauses, according to which an acceleration or default under other debt arrangements (including the Notes) would involve an event of default in relation to those financing agreements.

Failure to comply with financial covenants and other conditions, make scheduled payments of principal and interest, or refinance existing borrowings could have a material adverse effect on the business of the Issuer, its financial condition, results of operations or prospects.

The Group may be subject to risks in connection with any potential acquisitions

The Issuer periodically evaluates acquisitions of companies and other strategic investments or transactions based on the assessment of how such strategic acquisitions may appear to fit within its overall business strategy. Such assessments are inherently uncertain and are subject to a number of assumptions concerning profitability, growth, interest rates and company valuations. As such, there can be no assurance that its assessments of and assumptions regarding acquisition opportunities will prove to be correct, and actual developments may differ significantly from the expectations of the Issuer.

The process of integrating operations could also cause an interruption of, or loss of momentum in, the activities of the business of the Issuer and other Group entities. If its senior management is not able to effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, it could have a material adverse effect on the Group's business, financial condition, results of operation or prospects.

The Salini Impregilo Group is considering to increase its penetration in those foreign markets where it currently has no or a limited presence or in any case a presence that the Issuer may consider to further expand, but which management believes are expected to benefit from the positive investment trends, such as the United States, Middle East and Australia. To strengthen its market position in strategically selected markets, the Issuer may also consider suitable opportunities for the acquisition of existing entities or group of companies, to expand its project portfolio worldwide (see "*Description of the Issuer - Business Strategy*" below). Pursuing this strategy may also lead the Group to increase its indebtedness in order to fund extraordinary transactions (see "*The amount and the terms of the indebtedness of the Issuer could adversely affect its business and liquidity position*" above).

Changes in accounting principles

The Issuer's financial statements are drawn up in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union.

Plans to amend certain existing Accounting Principles are being considered by the IASB, some of which may have an impact on the Issuer's financial statements. In this respect, it is worth noting that the terms and conditions of the Notes as well as the 2018 Notes, the 2021 Notes and the financing agreements described in the section entitled "*Description of the Issuer - Financing*" provide financial covenants referring to accounting terms and such covenants may become more or less restrictive from time to time, depending upon the effect of the relevant changes to the Accounting Principles. Failure to comply with such financial covenants could result in a default and acceleration and could have a material adverse effect on the business of the Issuer, its financial condition, the results of its operations or its prospects.

Comparability of data

On 4 January 2016 the acquisition of 100% of Lane was finalised by Salini Impregilo Group. See "*Description of the Issuer – History and Development*".

IFRS provide that a subsidiary shall be consolidated starting from the date when control is acquired. Therefore, the consolidated financial statements as at 31 December 2016 present the statement of financial position figures as at 31 December 2015 and the income statement figures for the year then ended for comparative purposes that do not include Lane group. As a consequence, the data for the 2016 Financial Year is not fully comparable with that of the previous year.

Non-IFRS measures

This Prospectus sets out certain items as part of the financial disclosure which are not defined under IFRS (such as backlog and net financial position). Accordingly, these items do not have standardized meanings and may not be directly comparable to similarly-titled items adopted by other entities.

The Issuer has included certain adjusted financial information in this Prospectus which is prepared by management to present the results of joint ventures not controlled by Lane as if they were consolidated on a proportionate basis to show the progress made directly by Lane or through its non-controlling investments in the joint ventures.

A more detailed explanation of these measures, together with reconciliations to the Issuer's financial statements, is provided in section "*Presentation of financial and certain other information*".

The adjusted financial information has been prepared by management on the basis of management accounts and neither the methods of preparation nor the financial information itself has been verified by independent auditors. If the joint ventures which are proportionately consolidated in the adjusted financial information had been controlled by Lane and fully consolidated in the Issuer's financial statements, the results could be different to the financial information prepared by management and presented as adjusted financial information in this Prospectus. Investors should not place undue reliance on such adjusted financial information.

Fluctuations in exchange rates

The Salini Impregilo Group uses Euros as a basis for its financial accounting. The Group also conducts its business activities and holds assets and liabilities in a number of different currencies, some of which are not freely convertible or subject to government restrictions. Consequently, the Group's exposure to exchange rates varies according to a number of factors including the timing of financial transactions and the currency denomination of revenues and costs, including capital investment.

In spite of any measures that may be adopted by the Group to manage exchange rate risks, it is not possible to exclude the possibility that unforeseen sharp fluctuations in exchange rates could occur in the short- to medium-term and could cause a corresponding reduction in revenues in terms of Euros or cause an increase of costs in terms of Euros, the impact of which may have a material adverse effect on the Issuer's and the Group's business, financial condition and results of operations.

Interest rate risk

The Group uses various external sources of financing in the form of both short-term and medium/long-term debt and is therefore exposed to borrowing costs and interest rate volatility. Although the Group has implemented (and could implement) some hedging transactions in the form of derivatives instruments (interest rate swaps) in order to mitigate such risk, there can be no assurances that such hedging transactions will be adequate to cover all potential interest rate risks.

Nonetheless, failure to address such interest rate risk in an adequate or timely fashion may have a material adverse effect on the Group's business, financial condition and results of operations.

Liquidity risk

The Group is also exposed to liquidity risks, including risks associated with refinancing borrowings as they mature, the risk that borrowing facilities are not available to meet cash requirements and the risk that financial assets cannot readily be converted to cash without loss of value.

Failure to address such liquidity risk in an adequate or timely fashion may have a material adverse effect on the Group's business, financial condition and results of operations.

Credit Risk

As at 30 June 2017, the Group had trade receivables totalling €2.4 billion, equal to 26 per cent. of its Consolidated Total Assets, and it is exposed to the credit risk of its counterparties' failure to perform their obligations. Furthermore, certain of the Group's customers, either in the private or in the public sector, may become insolvent or default under their contracts, or have or may become significantly late in performing under their payment obligations to the Group, especially in the context of an economic downturn. In case of default in payment obligations, the Group may be unable to collect on such trade receivables, in which case some or all of such outstanding amounts would need to be written off and the Group would need to seek alternative sources of funding for its working capital requirements. In case of a delay in a customer's payment obligation, the Group may be exposed to the risk of bearing in advance the costs and amounts necessary to complete the projects. Furthermore, should a counterparty become insolvent or otherwise be unable to meet its obligations in connection with a particular project, the Group would need to find a replacement to carry out that party's obligations or, alternatively, fulfil the obligations itself, which could increase its costs.

Any significant defaults or performance delays by commercial and financial counterparties could increase the Group's costs or liabilities, which could have an adverse effect on the Group's business, financial condition, results of operations or prospects.

Litigation and proceedings

Since the Group is engaged in engineering, construction and concession activities for large facilities and projects where design, construction or systems failures can result in substantial injury to employees, damage to property or environmental degradation, it is involved in various civil, criminal and administrative proceedings in the ordinary course of its business, both as plaintiff or as defendant, in Italy and abroad (see "*Description of the Issuer - Litigation and Arbitration Proceedings*"). The Group is also involved in certain tax disputes which may, in the aggregate, be material. It is not feasible to predict or determine the ultimate outcome of these proceedings. The Issuer may also be subject to criminal proceedings and investigations resulting from fatal workplace accidents and violations of environmental and health and safety laws and regulations. Any such criminal proceedings may lead to investigations and liability pursuant to Legislative Decree No. 231 of 8 June 2001 (the "**Decree 231**"), see "*- If an individual within the Group, or a third party acting on behalf of any Group entity, commits certain crimes, the Issuer or that Group entity may be subject to quasi-criminal liability and may face the application of sanctions*".

In particular and without limitation:

- (i) the Urban Solid Waste (USW) Campania project for disposal of waste produced in the Campania region of Italy, which has been carried out by the Group's subsidiaries FIBE S.p.A. and FIBE Campania S.p.A. (the latter was merged into FIBE S.p.A. in 2009), is subject to a considerable number of civil, criminal and administrative disputes, including with respect to alleged Decree 231 violations, in respect of which the Issuer cannot exclude that itself or its personnel will not be subject to liabilities or quasi-criminal liability or criminal convictions. For more information on legal proceedings related to the USW Campania Projects, see "*Description of the Issuer - Litigation and Arbitration Proceedings - Campania Project/FIBE litigation*"; and
- (ii) some managers and employees of the Cociv Consortium (in which the Issuer holds a majority stake) are subject to proceedings in respect of certain alleged criminal liabilities which are at an early stage. For more information on such legal proceedings, see "*Description of the Issuer - Litigation and Arbitration Proceedings - COCIV Litigation*".

As of 30 June 2017, the Issuer had “provisions for risks and charges” (*fondo rischi e oneri*) totalling €100.5 million, it being understood that these provisions also cover other possible contingent liabilities that are not related to litigation.

The amount of such reserves has been, and continues to be, adjusted on the basis of discussions with its legal advisers to assess the probability of loss and the potential amount of any liabilities. However, there can be no assurances that such reserves will in fact be sufficient to cover all potential future litigation liabilities. In the event that the provisions relating to litigation are insufficient, any losses or expenditures deriving from such limited coverage could have a material adverse effect on the business of the Issuer, its financial condition, results of operations or prospects.

In the course of its business activities, the Group may be subject to future additional legal proceedings that may result in liabilities and which could have a material adverse effect on its business, financial condition, results of operation or prospects.

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

The Issuer and the Group entities rely on an experienced and qualified management and technical team. Any inability to attract and hire new qualified personnel, or to retain existing personnel, could limit or delay the Group business development efforts. In addition, if certain key members of its senior management team or key engineering and technical staff were to terminate their relationships with the Issuer and/or the Group, without not being able to find suitable replacements in a timely manner, the Group’s business, financial condition, results of operations or prospects could be adversely affected.

Obligations deriving from current guarantees granted to the Group

The Group’s construction operations customarily require the provision of guarantees by bank institutions or insurance companies in favour of the Group’s clients in order to participate in competitive tenders or enter into contracts. These guarantees cover the proposal stage (bid or tender bond) of the project and the execution of the works according to contractual obligations (performance bond and other similar bonds). As of 30 June 2017, the Group had contractual guarantees in the aggregate amount of €13.2 billion.

The Group’s ability to obtain such guarantees depends on the guarantor’s assessment of the Group’s overall financial condition and, in particular, the financial condition of the individual Project Company concerned, the risks of the project, and the experience and competitive positioning of the Project Company concerned in the sector in which it operates. Should the Group fail to fulfil its contractual obligations, the relevant guarantee may be enforced by the client, which would make the Group liable for substantial cash outflows. If an existing guarantee relating to an ongoing project is cancelled, expires or is not renewed, the Group may be unable to meet the terms and conditions of such ongoing contract, thereby losing the contract. The circumstance that the banking institutions or insurance companies stop providing such guarantees, or that one of the Group’s clients enforces a guarantee, may have a material adverse effect on the Issuer’s and the Group’s business, financial condition and results of operations.

Activities of the Group in Italy

As at 30 June 2017, the value of the Salini Impregilo Group’s construction project backlog in the domestic market was approximately €8.3 billion and accounted for approximately 29 per cent. of the total construction project backlog.

For the half-year ended 30 June 2017, revenues of the domestic market of the Group, totalling €222.6 million, represented 7.3 per cent. of the Group’s Adjusted Revenues.

The economic situation surrounding Italy, together with the financial constraints of some public administrations, expose the Group to the risk of delayed payments and of long-lasting claims aimed at recovering the unpaid amounts.

Although the Group seeks to manage these risks through, *inter alia*, the negotiation of protective contractual clauses (providing for, without limitation, automatic interruption of the works upon any failure of the principal to fulfil its payment obligations in a timely manner), there can be no assurance that, depending also on the importance of the project concerned, the relevant counterparties' default with respect to timely contractual payments will not have a material adverse effect on the Group's business, financial condition and results of operations.

The Issuer is a holding company

Although a substantial part of the operations of the Group are carried out directly by the Issuer (whose total unconsolidated revenues were €3.1 billion for the year ending 31 December 2016, compared to the Group's Adjusted Revenues totalling €6.1 billion), certain operations of the Group are carried out through its subsidiaries, as well as entities in which the Group has an interest but which it does not control, such as project companies and joint ventures, and to such extent, the Issuer depends on the earnings and cash flows of, and the distribution of funds from, these subsidiaries and entities to meet its debt obligations, including its obligations with respect to the Notes.

Generally, creditors of such entities, including trade creditors, secured creditors and creditors holding indebtedness and guarantees issued by the entity, and preferred shareholders, if any, of the entity, will be entitled to the assets of that entity before any of those assets can be distributed to shareholders upon liquidation or winding up. As a result, the Issuer's obligations in respect of the Notes will, to the extent described above, be structurally subordinated to the prior payment of all the debts and other liabilities of the Issuer's direct and indirect subsidiaries and other entities, including the rights of trade creditors and preferred shareholders (if any), as well as contingent liabilities, all of which could be substantial.

Furthermore, any limitations on the Issuer's ability to receive funds from its subsidiaries or such other entities, and any enforcement of the guarantees issued by the Group in favour of its subsidiaries or such other entities could each have a material adverse effect on the Group business, financial condition, results of operations or prospects.

Guarantees issued by the Issuer in favour of its subsidiaries

In the ordinary course of its business, the companies of the Salini Impregilo Group issue guarantees in favour of the Group's subsidiaries and other entities in which the Group has an interest but which it does not control, such as project companies and joint ventures. Should these guarantees be enforced for a significant amount, there could be a material adverse effect on the Group's business, financial condition, results of operations or prospects and the ability of the Issuer to fulfil its obligations under the Notes might be compromised.

The Group is exposed to a number of different tax uncertainties, which would have an impact on tax results

The Salini Impregilo Group is required to pay taxes in multiple jurisdictions. The Group determines the taxation it is required to pay based on its interpretation of the applicable tax laws and regulations in the jurisdictions in which it operates. The Group may be subject to unfavourable changes in the respective tax laws and regulations to which it is subject. Tax controls or audits and changes in tax laws or regulations or the interpretation given to them may expose the Group to negative tax consequences (including where any member of the Group is treated as being resident in a jurisdiction other than its place of incorporation), including interest in arrears payments and potential penalties. New laws or changes in the interpretation of

existing laws could have a material adverse effect on the Issuer's and the Group's business, financial condition and results of operations.

The Group may experience difficulties in executing its business strategy

The Salini Impregilo Group's ability to increase net sales and net operating margins depends on, among other things, success in executing the Group's business strategy, including the functional and geographical expansion of its business into new countries and markets that it believes will contribute to its growth and future performance. The Group may not succeed in implementing its current or future business strategy in full or part, or within the envisaged times. Although the Group aims to fund the implementation of its business strategy mostly through its own cash flow without recourse to significant external financing, the execution of its business strategy may still impose significant strains on its management and operating systems, as well as require new financial indebtedness. Failure to execute its business strategy may have a material adverse effect on the Issuer's and the Group's business, financial condition and results of operations.

A failure to maintain and further develop appropriate risk management, compliance and internal control systems could adversely affect the Group.

The Group's risk management system is designed to assist with the assessment, avoidance and reduction of risks which jeopardise its business. The Group's operating risks primarily include the complex risks of project selection and assessment as well as project execution risks and contractual risk. There are, however, inherent limitations on the effectiveness of any risk management system. These limitations include the possibility of human error and the circumvention or overriding of the system. Accordingly, any such system can provide only reasonable assurances, and not absolute assurances, of achieving the desired objectives. For example, risks include possible instances of manipulation (acceptance or giving of advantages, fraud, deception, corruption or other infringements of the law).

Despite the risk management systems that the Company currently has in place, there can be no assurance that violations of internal policies and procedures, applicable law or criminal acts by employees or third parties retained by the Group such as subcontractors or consultants and their employees can be entirely prevented. In addition, any failure by any Group entity to effectively adopt, update, or implement the risk management system could have a material adverse effect on the Group business, financial condition, results of operations or prospects.

The Group could be adversely affected by violations of anti-bribery laws applicable in the countries or territories where it conducts its business

Over the years an increasing number of anti-bribery laws and regulations have been approved worldwide and now apply in a significant number of countries and territories where the Group conducts its business; these laws and regulations are amended from time to time and their scope and reach may change. Such anti-bribery laws and regulations generally prohibit companies and their intermediaries from granting financial or other advantages to officials or others for the purpose of obtaining or retaining business. The Group operates in many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances, compliance with anti-bribery laws may conflict with local customs and practices. In addition, some of the jurisdictions in which the Group operates or intends to operate lack a developed legal system or may have failed to implement laws and regulations or enforce such laws and regulations, and consequently may have high levels of corruption. In this scenario, the Group's continued expansion, development of joint venture relationships with local contractors and the use of local agents increases the Group's risk of being exposed to violations of such anti-corruption regulations by its local partners or agents.

Although the Issuer believes that the Group's current risk and control systems, including its organisational, management and control model (the "**Model 231**") which was adopted in accordance with Decree 231, the

implementation of the anti-corruption system and an ethics code (see “*Description of the Issuer - Internal control and risk management system*”, in particular “*Integrity Board*” and “*The Anti-Corruption Compliance system*”), provide adequate protection from violations of anti-bribery laws, as part of its aim to comply with the best international practices in its risk control functions, should the abovementioned models and procedures fail to protect the Group from the possible reckless or criminal acts committed by its employees, agents, partners, subcontractors or suppliers, the Group could suffer from criminal or civil penalties or other sanctions, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts, termination of existing contracts, revocations or restrictions of licenses, criminal fines or imprisonment of key personnel, any of which could have a material adverse effect on the Group’s business. In addition, such violations could also negatively impact the Group’s reputation and, consequently, its ability to win future business.

Failure to successfully implement and maintain health, safety and environmental policies and procedures could have a material adverse effect on the Group’s reputation and results of operations

The Group is involved in significant and complex projects that require constant monitoring and management of health, safety and environmental risks, both during the construction and, in the limited instances in which the Group retains the concession, the operational phases. While the Issuer has adopted health, safety and environmental policies and procedures in order to minimise such risks, there can be no assurance that a failure in such policies and procedures will not occur. Any failure in health and safety practices or environmental risk management procedures that results in serious harm to employees, subcontractors, the public or the environment could expose the Group to investigations, prosecutions and/or civil litigation, each of which could cause an increase in costs for fines, settlements and management time. Such a failure could also adversely affect its reputation and ability to obtain new business. If any of the foregoing circumstances were to occur, this could have a material adverse effect on the Group’s business, financial condition and results of operations or prospects.

***The following risk factors relate to the sectors in which the Issuer and the Group operate
Public commitments***

The sectors in which the Salini Impregilo Group operates are heavily dependent on public spending. In particular, contracts with public entities, including direct contracts and joint ventures, represents the large majority of the Group’s total revenues and combined backlog.

The Group’s performance is therefore closely related to the spending of public entities and consequently the public spending and development policies of the governments in the countries in which the Group operates. Governments and authorities could also change their procurement methodologies, which could have an adverse impact on the Group if the new methodologies entail additional commercial risks or involve reduced margins.

During the past few years, global economic instability and difficult and recessionary economic conditions in certain countries in which the Group operates have resulted in a decline in tax revenue for public sector entities at a time of rising public sector deficits, which has led governments to impose stringent fiscal austerity measures in the form of spending cuts, further reducing the appetite for public infrastructure projects. Persistently, low tax revenues, austerity measures and a general decrease in public spending may result in further contraction of infrastructure spending and the delay or suspension of projects we have already commenced or have been awarded (see also “*Risks related to the global construction market*”).

In addition, there can be no assurance that public entities will not default on their contractual payments to the Group or that projects will start or proceed on schedule. Furthermore, if a project is halted due to a public entity’s non-payment, the Group bears the additional risk of forfeiting the revenues it would have received

had the project been completed as agreed. Depending on the country in which the Group's activities are carried out, obtaining injunctions of payment by a court, or enforcing these injunctions, vis-à-vis public administrations or entities, may be more difficult compared to the same disputes occurring among private parties. Future changes in investment policies, in the allocation of public funds for infrastructure works or in enforcement procedures in jurisdictions where the Group operates, may have a material adverse effect on its business, financial condition and results of operations.

International activity of the Group

As of 30 June 2017, 92.7 per cent. of the Adjusted Revenues of the Salini Impregilo Group were generated abroad and the construction project backlog for foreign initiatives and projects represented approximately 71 per cent. of the Group's total construction project backlog.

The Group is exposed to a number of risks inherent in operating in foreign countries, including changes in governmental policies and/or in applicable laws and regulations, the possible introduction of international sanctions and restrictions, including those related to monetary policy and the circulation of capital, political, economic and social instability on the local, international and supranational levels (e.g. country security, criminal acts, riots, terrorism, armed conflicts, embargoes and seizure of equipment).

Sometimes, the corporate law framework applicable in foreign countries may also give rise to uncertainties or operating or contractual issues. For instance, reorganisation processes carried out by the Group may involve from time to time the contribution of going concerns businesses (including contractual relationships) into other legal entities. Whilst in Italy and in most EU member states contributions of going concerns normally entail a legal succession of the beneficiary into all the relationships relating to the contributed business, in certain countries this kind of transaction may be regulated in a different manner, as contributions of going concerns may be found to trigger change of control clauses or involve an alleged breach of contractual clauses preventing the assignment of the agreement to third parties. These circumstances may result in the need for the Group to obtain prior consent by its clients or the renegotiation of contracts that may lead, in a worst case scenario, to litigation.

In making decisions to enter and/or to maintain its strategic presence in overseas markets, the Group takes into account the political, economic, legal, operational, security and financial risks of the markets, the reliability of clients and the development opportunities in the medium and long term. Nonetheless, significant changes in the macroeconomic, political, fiscal or legislative framework of these countries could harm international operations and may have a material adverse effect on the Group's business, financial condition and results of operations.

The nature of the Group's activities and operations may cause injuries to employees and third parties and damage to the environment and, as a consequence, expose the Group to liability and reputational risks

The Group's activities are subject to typical risks related to the industries in which it operates. These risks include, *inter alia*, damage to the environment, assets and other equipment and the possibility of accidents causing injuries to employees or third parties (which, in the most serious cases, may prove fatal). Such events or circumstances may also cause delays in production and/or an interruption to projects because of temporary site closures. The Group companies concerned may be held liable either if such an event or circumstance is found to be caused by negligence or, if strict liability rules apply, even if that Group company has not acted negligently. Such liability may be increased if the event results in environmental harm, and/or extensive damage to third-party property or in the personal injury or death of one or more of its employees, employees of subcontractors working on the project or members of the public.

Such incidents could subject the Group and its key personnel to criminal or civil penalties by customers, subcontractors, governments, public authorities, employees or members of the public for damage to the

environment, damage to property, assets and other equipment, including for personal injury or wrongful death, which could lead to the payment of extensive damages, criminal fines or imprisonment of key personnel and could have a material adverse effect on its business, financial condition, results of operations or prospects. Such incidents could also result in significant adverse publicity and reputational harm. Adverse publicity in respect of any such events or circumstances, whether justified or not, could harm the Group's reputation and cause its customers to choose services provided by its competitors, including as a result of public pressure, which could have a material adverse effect on its business, financial condition and results of operations or prospects.

The Group's project execution activities may result in product liability claims by third parties

Because the Group's projects are often technically complex, failure to make judgements and recommendations in accordance with applicable professional standards, including engineering or technical standards, could subject the Group to third party claims. The Group's business involves professional judgements regarding the planning, design, development, construction, operations and management of transport, civil and social infrastructure. While the Issuer does not generally accept liability for consequential damages, and although the Issuer has adopted a range of insurance, risk management and risk avoidance programs designed to reduce potential liabilities, a catastrophic event at one of the Group's project sites or completed projects resulting from the services the Group has performed could result in significant professional or product liability, warranty or other civil and criminal claims against it as well as reputational harm, especially if public safety is impacted. These liabilities could exceed the Group's insurance limits or the fees it generates, or could impact its ability to obtain insurance in the future. In addition, clients, subcontractors or suppliers who have agreed to indemnify the Group against any such liabilities or losses might refuse or be unable to make payments under such indemnities. An uninsured claim, either in part or in whole, if successful and of a material magnitude, could have a material adverse effect on the business of the Group, its financial condition, results of operations or prospects.

Contractual obligations

A substantial part of the Salini Impregilo Group's activities are carried out on the basis of contracts that involve payments for services to be rendered over time, which are determined at the time the contract is awarded. Accordingly, the profit margins in contracts of this nature can be affected by subsequent variations in relation to original estimates made when bidding for contracts and other unforeseen increases in costs and expenses that the Group may incur when fulfilling these contracts.

Furthermore, the Group's contracts are typically complex and impose numerous obligations on it, including specifying exacting technical and engineering standards and a fixed delivery date for the work and imposing penalties on the Group if it is late in delivering the contracted project. Penalties are normally calculated on the basis of the number of days' delay, with a maximum sum that typically is not permitted to exceed a certain percentage of the value of the contract. Some contracts also specify a guarantee period subsequent to the delivery of the work, during which time the Group is responsible for ensuring that the works completed function according to contractual obligations. In addition, a contractual breach by the Group may trigger enforcement of guarantees.

When fulfilling these contracts, the Group may incur unforeseen delays and increases in costs and expenses that may cause the Group to exceed original estimates made when bidding for such contracts, such as, *inter alia*: (i) the price of raw materials due to their limited availability; (ii) energy and other input costs; (iii) costs required to assure certain quality standards or compliance with exacting technical and engineering standards; (iv) payment of contractual penalties for delays in delivery; (v) costs related to unforeseen work required to complete the project; (vi) labour-related issues; and (vii) disputes arising between consortium members, shareholders, partners, subcontractors or suppliers.

Any such delays in delivering a project, or failure to comply with all contractual requirements under a project, may cause adverse publicity and reputational harm, result in the Group having to bear the cost overruns and may also result in penalties, each of which, depending also on the importance of the relevant project, could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

Carrying out activities through consortia, joint ventures and minority partnerships

As is customary in its industry, the Salini Impregilo Group carries out some of its activities through partnerships with other primary operators, through consortia, joint ventures and partnership companies. Moreover, as is also customary in its industry and as is typically required in the tender process, the Group's agreements often provide for joint and several liability with its partners, which make the Group liable for breaches by one of them. If any party becomes insolvent or is otherwise unable to meet its obligations in connection with a particular project, the Group will need to find a replacement to carry out that party's obligations or, alternatively, fulfil the obligations or make the additional investments itself, which may increase the costs and cause delays in the project, which may also lead to the imposition of penalties. In certain cases, the Group also depends on its partners' expertise in carrying out certain projects.

Although the agreements which are entered into among the enterprises concerned customarily include specific provisions aimed at mitigating risks deriving from the allocation of roles and responsibilities among the participants, these partnerships may still expose the Group to the risk of non-performance by the other operators and may require the Group to undertake additional work or investment that it has not budgeted for, and be held jointly and severally liable for and/or pay compensation to the client. The non-performance by the Group's partners or delays in such partners' performances of their obligations could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

Carrying out activities through subcontractors

The Group employs subcontractors in the performance of its obligations under certain contracts. The Group also relies on third-party manufacturers and suppliers to provide much of the equipment and raw materials, respectively, used for its projects. If the Group is unable to find reliable suppliers or hire qualified subcontractors, its ability to successfully complete its projects could be impaired. Furthermore, if a subcontractor fails to provide timely or adequate services or works, or if a supplier fails to provide equipment or raw materials, in each case, as required under a contract, the Group may be required to source such services, equipment or raw materials at a higher price than anticipated and face delays caused by subcontractors' and suppliers' failure to comply, which could negatively impact the Group's profitability as there can also be no assurance that the Group will be able to pass on any or all of such increased costs to its customers. Whilst the contractual arrangements with subcontractors would ordinarily provide for the Group to receive compensation or indemnification in such circumstances, there can be no guarantee that the subcontractors have sufficient funds to pay any such amounts to the Group. Furthermore, delivery by the Group's suppliers of faulty equipment or raw materials could also negatively impact the Group's overall project, resulting in claims against the Group for failure to meet required project specifications, and it may be unable to obtain adequate indemnification from such suppliers.

The breach of a contract or failure by a sub-contractor to perform its obligations may result in the Group being liable to the client. To the extent the Group is not able to timely replace a third-party subcontractor or supplier, any such failures, depending also on the importance of the relevant project, could result in adverse publicity and reputational harm, which could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

The regulatory regime of the sector

Due to the Group's concentration of projects within the government and public bodies sector, the Salini Impregilo Group is particularly exposed to changes in Italy and abroad in the regulatory framework governing the areas within which it operates, including regulation of public work, tax laws, building, land use, fire, public health, security and environment regulations and also labour law. Furthermore, national and local laws and regulations relating to such matters are often complex and fragmented, and their application and interpretation by the relevant authorities is sometimes unpredictable and inconsistent. This may cause difficulties and uncertainties for companies operating in the sector, and may give rise to litigation. Violations of or changes in relevant law, regulations or policies, or the interpretation thereof, may delay or increase the cost of ongoing projects or subject the Group to penalties, fines, criminal prosecutions, civil claims or other unforeseen costs, which may have a material adverse effect on the Issuer's and the Group's business, financial condition and results of operations.

In particular, the Group's activities are subject to a broad range of environmental laws and regulations which, among other things, may require performance of environmental impact studies for future projects, application for and compliance with the terms of licenses, permits and other prescriptive approvals. Environmental risks inherent to the Group's activities include those arising from the management of residues, effluents, emissions and land on the Group's facilities and installations, as well as waste disposal and reduction of noise pollution. These risks are subject to strict national and international regulations and regular audits by government authorities.

Any of these risks may give rise to claims for damages and/or sanctions and may cause potential damage to the Group's image and reputation. Furthermore, these regulations may be subject to significant tightening or other modifications by national, European and international laws. The cost of complying with these regulations could be onerous. Although the Group has been making investments to comply with various environmental laws and regulations, any failure to comply with such laws and regulations, any adverse change to environmental regulation and/or additional requests for mitigating measures may have a material adverse effect on the Group's business, financial condition and results of operations. In addition, if such circumstances arise during the construction phase of a project, the Group may be subject to legal proceedings and resulting delays in the construction and completion of the works.

If an individual within the Group, or a third party acting on behalf of any Group entity, commits certain crimes, the Issuer or that Group entity may be subject to quasi-criminal liability and may face the application of sanctions

The Decree 231 allows Italian corporate entities to implement Model 231 to defend themselves against the quasi-criminal liability that may attach to them under Decree 231 for crimes committed in their interest or to their advantage by individuals which have a functional relationship with such corporate entities, such as employees, directors and representatives. In particular, crimes which could cause a corporate entity's quasi-criminal liability pursuant to Decree 231 include, among others, those committed when dealing with public administrations (including bribery, misappropriation of public contributions and fraud to the detriment of the state), corporate crimes, environmental crimes and crimes of manslaughter or serious injury in violation of provisions on health and safety at workplace). Model 231 provides a defence from quasi-criminal liability to corporate entities that have implemented it in compliance with Decree 231 and have appointed an independent officer or body, such as an integrity board (the "**Integrity Board**") (*Organismo di Vigilanza*), to supervise Model 231.

As of the date of this Prospectus, the Issuer and its principal Italian subsidiaries have adopted Model 231 (see "*Description of the Issuer - Corporate Governance*"). The adoption of Model 231 by a company does not in itself preclude the application of sanctions under Decree 231, and failure to update Model 231 increases the risk that quasi-criminal liability under Decree 231 may attach. As of the date of this Prospectus, individuals having a functional relationship with certain of the Group's entities have allegedly committed crimes that are

subject to Decree 231, including bribery and environmental crimes. Therefore, the Issuer cannot exclude that proceedings pursuant to Decree 231 are, or will be, initiated against it or any of these Group entities.

A quasi-criminal proceeding relating to alleged crimes subject to Decree 231, even if ultimately such proceeding discharges the relevant Group entity, could be costly and could divert management's attention away from other aspects of its business. Any such proceedings may also cause adverse publicity and reputational harm, and may have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

Damage to persons, equipment and the environment – Insurance coverage

The activities of the Salini Impregilo Group are subject to the typical risks relating to the industries in which it operates. These risks include, amongst others, the possibility of accidents causing injuries to employees (which, in the most serious cases, may prove fatal), and damage to the environment, assets and other equipment. Such events may also cause delays in production and/or an interruption to projects because of temporary site closures. The Group may be held liable if such an event is found to be caused by professional negligence. Such liability may be increased if the event results in the personal injury or death of one or more employees of the Group, employees of other subcontractors working on the project or members of the public, or in environmental harm, and/or extensive damage to third party property. Such incidents could subject the Group to claims for personal injury, wrongful death, property damage or claims by customers, subcontractors, governments, employees or members of the public, which could lead to the payment of extensive damages, and result in significant adverse publicity and reputational harm.

The Group takes out insurance policies to cover such risks based on its previous experience and in respect of what it considers to be a prudent level of risk. However, even though the Group has insurance cover which it believes is adequate for its business, the scope of the insurance policy coverage may be insufficient to cover all the risks which may from time to time arise. Furthermore, it is possible for claims to fall outside the scope of the coverage, exceed the monetary limit of the relevant policy, for the underwriters to fail, or for coverage to be vitiated, in any case leaving the Group exposed to a portion or even the entirety of the relevant claim. In any of these circumstances where the Group faces liabilities not covered by insurance, such liabilities may have a material adverse effect on the Issuer's and the Group's business, financial condition and results of operations.

The Group may be unable to complete construction works in a timely manner due to operational issues, force majeure or other unpredictable catastrophic events

During the execution of construction works, the Group may encounter unexpected operational issues or difficulties, including, without limitation, technical engineering issues (in particular with respect to tunnels) in areas characterised by significant geological and geotechnical issues, adverse weather conditions, the discovery of contaminated soils not identified by the soil samples, analysis and investigations conducted during the planning phase, or unexpected archaeological finds during construction works. As a result, the Group may not be able to complete the works and may be required to submit variations to working plans for approval.

Although the construction contracts and the agreements entered into by the Group usually include specific provisions aimed at regulating operational risks, which are customarily borne by the principal, the delayed completion of the works may result in the delayed delivery of the works, in cost overruns and in the need to start complex negotiations with the principals for the execution of specific contractual addenda, to acknowledge time extensions and possibly increase the contractual price.

Should any of these operational issues arise, the Group's inability to complete projects in accordance with the project timetable or budget, or at all, depending on the number of projects concerned by these issues as well

as their significance (also in terms of value), may have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, the occurrence of a force majeure or other unpredictable event that affects a project on which the Group companies are working may cause delays, suspensions and cancellations or otherwise prevent them from completing and/or operating such project. In particular, if one or more of the Group's facilities or construction sites were to be subject to fire, flood, adverse weather conditions, earthquakes, other natural disasters, terrorism, power loss or other catastrophe, or if unexpected geological or other adverse physical conditions were to develop at any of the Group's facilities or construction sites, the Group may not be able to carry out its business activities at that location or such operations could be significantly reduced. This could result in lost revenue at these sites during the period of disruption and costly remediation. In addition, despite security measures taken by the Group, it is possible that sites relating to its engineering, construction and concession activities or other sites, could be affected by criminal or terrorist acts. Any such events or acts could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

The Group's backlog is subject to unexpected adjustments and project cancellations and is, therefore, not necessarily indicative of the Group's future revenue or results of operations

The Group calculates backlog to include the contract value of projects that it is reasonably certain will be executed, which includes those projects that have either been awarded (*i.e.* after tender submission and upon receipt of official notification from the customer, but prior to signing of definitive and binding project contracts) or for which definitive binding project contracts have been signed by the relevant parties. As at 30 June 2017, the Group's construction backlog was approximately €28 billion (see "*Description of the Issuer - Business Overview*").

The Group's backlog includes the contract value of projects that have been postponed or suspended, even indefinitely, and the Group does not reduce its backlog in respect of a contract until that contract has been cancelled or reduced. If customers cancel or reduce firm orders that the Group has in its backlog, the Group's expected revenues would be reduced and the Group may be unable to secure replacement contracts equivalent in scope and duration to replace the current backlog.

Furthermore, there is no certainty that the Group's backlog will generate expected revenues or cash flows or generate them at the time expected. Therefore, unforeseen events or circumstances, including, *inter alia*, cancellation, interruption or scaling down of projects, projects disposal, change of orders, increased time required to complete projects, delays in commencing work, disruption of work, irrecoverable cost overruns or other unforeseen events, may affect projects comprising the Group's backlog, which could have a material adverse effect on its business, financial condition, results of operations or prospects.

The Group is exposed to risks connected to the quantification and enforcement of claims

The Group occasionally brings claims against its clients for additional costs exceeding the contract price or for amounts not included in the original contract price. These types of claims often occur due to matters such as owner-caused delays or changes from the initial project scope, which result in additional costs, both direct and indirect. From time to time, these claims can be the subject of lengthy and costly arbitration or litigation proceedings, and it is often difficult to accurately predict when these claims will be fully resolved. While these types of events occur and unresolved claims are pending, the Group may also incur financial charges pending the resolution of the relevant claims.

Although any favourable court decision or arbitral award would also likely lead to the full or partial reimbursement of additional costs incurred, including interest, a failure to promptly recover on these types of

claims or to recover the full amount expected could have a material adverse effect on the Group's business, financial condition and results of operations or prospects.

The Group is required to obtain and maintain permits, licences and authorisations

The Group entities are generally required to obtain, maintain and comply with certain required licences, permits and authorisations for the construction, operation and maintenance of their projects. With respect to concessions, during the operational phase, the Issuer or the Group company concerned is required to operate and maintain the managed concession facility in compliance with certain quality and quantity requirements set forth in the concession agreement. For example, the concessionaire is usually required to obtain, maintain and comply with the required licences, permits and authorisations for the construction, operation and maintenance of a project. Failure to comply with such pre-established conditions may result in the awarding entity reducing the payable tariffs or fees, impose contractual penalties or, in extreme cases, terminate the concession. The costs and losses that the Group may incur in case of any such event, or any delay in or failure to obtain, renew or maintain required permits, licences and authorisations, or the revocation of, or any challenge relating to, any licence, permit or authorization could have an adverse effect on its business, financial condition, results of operations or prospects.

Non-compliance with regulations on public procurement may adversely affect the Group's business

In the construction and concession business, the Group maintains business relationships with public entities domestically and internationally, such as municipalities, local and national governments and government entities. Contracts with such customers are usually awarded based on public procurement procedures which are designed to foster competition among potential contractors. Likewise, many large-scale construction projects run by private counterparties are awarded in similar procedures. While the Group operates and enforces policies to ensure its compliance with regulations on public procurement and to avoid anticompetitive behaviour and undue influence on individuals responsible for awarding construction contracts and concessions, non-compliance with applicable rules by individuals cannot be excluded entirely.

In such cases of non-compliance, the Group's business could be adversely affected by exclusion from public and private procurement processes and other regulatory action. Any such actions could have a material adverse effect on its business, financial condition, results of operations or prospects.

The public entity granting a concession may unilaterally terminate, amend or expropriate the relevant agreement in the public interest

Although the exercise of this power is subject to judicial control and usually involves the reimbursement of damages, costs and loss of profits, any of these unilateral actions could be adopted by a governmental authority. If a governmental authority exercises its rights of material amendment, termination or recovery over any concessions, the Issuer and/or the Group entities, as concessionaire, will generally be entitled to an indemnification contemplated by law or in the concession contract which, in principle, would cover the estimated lost profit during the remaining term of the concession contract. Nevertheless, the Group may not receive sufficient compensation for lost profits.

In certain cases, a concession may be terminated in the event of a serious breach of the concessionaire's contractual obligations, in which case the concessionaire would only be entitled to recover a limited part of its investment, normally consisting of the investments made. In addition, the concessionaire may not be entitled to withdraw from the concession in case of failure to obtain the relevant financing, to the extent that its shareholders do not intend to finance the works with full equity. In such case, the failure to obtain the private funds necessary for the completion of the works would represent an event of termination of the concession due to a breach by the concessionaire and could entitle the grantor to enforce the performance bond. Until such termination, the Group would remain responsible for its equity commitments. The costs borne by the

concessionaire would not be recoverable in this case. The foregoing circumstances could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

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

When acting as concessionaire, the Issuer and the Group entities bear the construction risks relating to the relevant infrastructure or asset. Furthermore, unlike in construction agreements where the contract price is set, for those concession projects for which the Group does not have fees based on construction or upgrades of the projects or minimum guaranteed fees, the Group bears the market risk relating to revenue generated by the project, which may be lower than the expected revenue due to factors beyond its control (such as the number of users being lower than estimated). Moreover, the Group must also finance the construction phase of the concession project through its own equity, bank loans and other forms of project financing. The costs and losses that the Group may incur in case of any such event may not be recoverable, which could have an adverse effect on its business, financial condition, results of operations or prospects.

Certain of the Group's concession projects have significant investment requirements and depend upon obtaining adequate financing for its future projects

Under certain of the Group's concession agreements, the Issuer has committed to certain future investments, both in the form of shareholder loans and of capital injection commitments into special-purpose vehicles that are used in its concessions business. Following any such capital injection, the Issuer is granted additional equity participations in these special-purpose vehicles, or an increase in its pre-existing interests, pro rata to its interest, which do not always allow the Issuer to control such companies or the flow of dividends or other distributions therefrom. For those concession projects in which the Issuer holds a minority interest, any recovery of its investments will occur over a substantial period of time and will be proportional to its equity participation in each project. Moreover, the Issuer may be unable to recover its investments in these projects due to delays, cost overruns and general timing issues as to when revenue can be derived from these projects.

The Issuer's business strategy includes the development and financing (also on a non-recourse basis) of numerous projects in the industries in which it operates. The Issuer cannot ensure that market conditions will favour its obtaining the necessary financing. Continued disruptions, uncertainty and volatility in capital and credit markets may limit its access to additional capital required to operate its business, including its access to project finance, which the Issuer uses to fund construction of its current and future projects. Such market conditions may limit its ability to replace, in a timely manner, maturing liabilities and access the capital necessary to grow its business, which could have an adverse effect on the Group's business, financial condition, results of operations or prospects.

Fees from the Group's concession projects are dependent on regulated tariffs and subject to other government regulations

The fees that the Group generates from its concession projects are dependent on fees based on construction or upgrades of the projects or regulated tariffs, though some do provide for minimum guaranteed fees. Depending on the nature of concessions, fees generated by concessions may be fixed-fee concessions, fully variable fees or a mix of fixed and variable fees. Under most of the Group's concession agreements, the income consists of fixed fees that may be subject to deductions in case of poor performance of the concessionaire. In some concessions, the revenues may be linked to traffic or demand and a tariff structure is established for which the Issuer has limited or no possibility to independently raise tariffs beyond the established rates. Therefore, the fees the Group is allowed to charge pursuant to such tariffs may not necessarily match its expenses at any given time. The Group may also be unable to adjust its tariffs or rates as a result of fluctuations in prices of raw materials, exchange rates, labour and subcontractor costs during the construction phase and the operating phase of these projects, or any other variations in the conditions of specific jurisdictions in which its concession projects are located. If the Group's costs increases or if action by

the relevant regulator does not allow recovery of all incurred costs, or if the Group has to make additional investments as a result of an unforeseen measure in the applicable agreements, its business, financial condition and results of operations could be adversely affected.

The time and financial resources the Group dedicates to bidding for new projects may be unrecoverable

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

Systems and information technology interruption and breaches in data security could adversely impact the Group's ability to operate and its operating results

As a global reality, the Group is heavily reliant on computer, information and communications technology and related systems in order to properly operate. From time to time, the Group experiences system interruptions and delays. If the Group is unable to continually add software and hardware, effectively upgrade its systems and network infrastructure and take other steps to improve the efficiency of and protect its systems, systems operation could be interrupted or delayed or its data security could be breached. In addition, its computer and communications systems and operations could be damaged or interrupted by natural disasters, power loss, telecommunications failures, acts of war or terrorism, acts of God, computer viruses, physical or electronic break-ins and similar events or disruptions, including breaches by computer hackers and cyber-terrorists. Any of these or other events could cause system interruption, delays, loss of critical data (including private data) or loss of funds, could delay or prevent operations (including the processing of transactions and reporting of financial results), could result in the unintentional disclosure of information (including proprietary intellectual property), and could adversely affect its operating results.

While management has taken steps to address these concerns by implementing sophisticated network security and internal control measures, a system failure or loss or data security breach could materially adversely affect the business of the Group, its financial condition, results of operations or prospects.

Risk associated to so-called "Nimby" claims

Sustainability is an integral part of the Salini Impregilo Group's corporate strategy. The Group formalised a co-ordinated set of policies, procedures and organisational structures aligned with major international benchmark standards in order to conduct operations across a broad range of jurisdictions and environments and respect the expectations of institutions, clients, local communities, employees, technical and operating counterparties with different histories and cultures. Furthermore, the Issuer has joined sustainability platforms and initiatives both in Italy (e.g. the Global Compact Network Italy) and internationally (e.g. the United Nations Global Compact and the Carbon Disclosure Project). See "*Description of the Issuer - Sustainable development*".

Nonetheless, there can be no assurances that local residents and/or associations will not oppose and dispute the realisation of large infrastructure and/or transportation improvement schemes (including, without

limitation, new roads, railways, power plants, bridges, motorways). The claimed reasons against the development of these projects are varied and may include environmental and noise pollution, the loss of residential property value or the related expropriation risk, additional costs to be borne by the local residents, the impact on people living on site or the disfigurement of the surrounding landscape. These circumstances are also known as “NIMBY effect” (where “NIMBY” is an acronym for the phrase “Not In My Back Yard”).

The occurrence of “NIMBY” events, either during the planning activity or during the construction phase, may result in delays or cause works paralysis which may also last for a long time. These circumstances may affect the agreed timeline for the works completion and involve significant cost overruns. Moreover, “NIMBY” events may also cause adverse publicity and reputational harm to the Issuer and the Group.

Risks related to the global construction market

The construction market has experienced high levels of uncertainty in recent years, despite global demand for infrastructure remaining high due to increasing urbanisation in emerging economies and developing countries. The prolonged volatility of the global economy has severely affected certain segments of the construction sector, such as residential and commercial construction, forcing leading firms to shift their focus to energy, transport and communications projects.

Although demand for infrastructure, particularly complex and large scale infrastructure, has increased in recent years, this has encouraged consolidation among engineering and construction firms, resulting in companies that are increasingly larger and more diversified, with specific skills for executing more technologically complex and higher-value-added projects.

In addition, construction companies in developing countries have grown in size and experience and, having expanded domestically in a significant manner, have entered in an increasing fashion the international construction market. Many companies from Korea, China and India, for instance, have become major players on the international construction market.

As a result, the Salini Impregilo Group is subject to increased competition in its core business sectors. In order to successfully compete in this environment, the Group will need to rely on technical references, expertise, solid financial structure and a sustained ability to attract new, talented human resources. Failure to maintain its competitiveness in this respect may have a material adverse effect on the Group’s business, its financial condition and results of operations.

A deterioration of the global economic situation could adversely affect the Group’s business

The Group’s total revenues may be affected by macroeconomic trends and economic cycles, in particular the local gross domestic products (GDPs), and the urbanisation rates (which affect demand for infrastructure) of markets in which it operates, the growth rate of the construction industry and spending on large complex infrastructure projects. The construction industry is cyclical by nature and largely dependent on investments undertaken in both the public and private sectors. Construction investments in large-scale complex infrastructure projects are particularly sensitive to government spending policies, political priorities and economic conditions in certain regions, increasing in times of economic growth and decreasing during a recession.

Although the Issuer believes that the construction industry for large-scale complex infrastructure projects is less volatile than the residential and commercial construction industry, due to the long-term nature of the projects and the backlog created by relevant contracts and the customer type, slow economic growth or economic contraction and financial crises, either globally or in the markets in which the Group operates, could adversely affect demand for its services and its customers’ willingness and ability to fund their projects. In particular, these conditions may affect the Group’s public sector customers, from which it derives a

majority of its revenues, as well as the Group's, and the Group subcontractors' ability to access debt and capital markets.

These conditions may also make it difficult for clients to accurately forecast and plan future business trends and activities, thereby causing the Group's clients to slow or even curb spending on its services, or to seek contract terms more favourable to them. In the past few years, concerns over price fluctuations (either inflation or deflation, depending on the geographical area), energy costs, geopolitical issues, the availability and cost of credit and sovereign debt have contributed to increased volatility and diminished expectations for the global economy, and, in some cases, have led many lenders to reduce or cease to provide funding to borrowers. Any continuation of these conditions could have an effect on the Group's liquidity, that of its subcontractors and its clients, and limit investments in infrastructure and consequently potentially affect the Group's markets and operations.

The Group is exposed to a number of political, social and macroeconomic risks relating to the United Kingdom's exit from the European Union

On 29 March 2017, the United Kingdom notified the European Council of its intention to withdraw from the European Union within the meaning and for the purposes of Article 50(2) of the Treaty on European Union. Article 50(2) requires that, in the light of the guidelines provided by the European Council, the Union shall negotiate and conclude an agreement with the United Kingdom, setting out the arrangements for its withdrawal from the European Union, taking account of the framework for its future relationship with the Union. Article 50 requires that such agreement shall be negotiated in accordance with Article 218(3) of the Treaty on the Functioning of the European Union and concluded on behalf of the Union by the Council, acting by a qualified majority, after obtaining the consent of the European Parliament. Under Article 50(3) of the Treaty, the EU Treaties shall cease to apply to the United Kingdom from the date of entry into force of the withdrawal agreement or, failing that, two years after the notification referred to in Article 50(2), unless the European Council, in agreement with the Member State concerned, unanimously decides to extend this period. Absent such extension, and subject to the terms of any withdrawal agreement, the United Kingdom shall withdraw from the European Union no later than 29 March 2019.

However, at this stage both the terms and the timing of the United Kingdom's exit from the European Union are not clear. Moreover, the nature of the relationship of the United Kingdom with the remaining EU member states has yet to be discussed and negotiations with the EU on the terms of the exit have yet to commence.

The consequences of the United Kingdom's exit from the European Union are uncertain and could result in significant macroeconomic deterioration, including, but not limited to, further decreases in global stock exchange indices, increased foreign exchange volatility, decreased GDP in the European Union and a downgrade of sovereign credit ratings. As such, no assurance can be given that such matters would not adversely affect the ability of the Group to satisfy its obligations under the Notes and/or the market value and/or the liquidity of the Notes in the secondary market.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE NOTES

Risk Relating to the Notes

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

The Notes will carry fixed interest. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital market (the "Market Interest Rate"). While the nominal interest rate of a security with a fixed interest rate is fixed

during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security changes in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls, until the yield of such security is approximately equal to the Market Interest Rate. Conversely, if the Market Interest Rate falls, the price of a security with a fixed interest rate typically increases, until the yield of such security is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate could adversely affect the market price of the Notes.

The Notes may not be a suitable investment for all investors

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

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

The Notes are unsecured

The Notes will be (subject to Condition 5 (*Negative pledge*)) unsecured obligations of the Issuer. In the event of any insolvency or winding-up of the Issuer, the Notes will rank equally with the Issuer's other unsecured senior indebtedness. The Notes are unsecured and, although they restrict the giving of security by the Issuer and its Material Subsidiaries over Indebtedness and guarantees in respect of such Indebtedness a number of exceptions apply, as more fully described in Condition 5 (*Negative pledge*). Where security has been granted over assets of the Issuer to secure indebtedness, in the event of any insolvency or winding-up of the Issuer, such secured indebtedness will rank in priority over the Notes and other unsecured indebtedness of the Issuer in respect of such assets.

The claims of Noteholders are structurally subordinated with respect to the Issuer's subsidiaries

The operations of the Group are principally conducted through subsidiaries of the Issuer. Noteholders will not have a claim against any subsidiaries of the Issuer. The claims of creditors of any of the Issuer's subsidiaries will have priority to the assets and earnings of such subsidiary over the claims of creditors of the Issuer (whether such creditors are secured or unsecured). The obligations under the Notes will be "structurally" subordinated to the claims of creditors of the Issuer's subsidiaries, meaning that, in the event of a bankruptcy, liquidation, reorganisation or similar proceedings relating to our subsidiaries, holders of their debt and their trade creditors will generally be entitled to payment of their claims from the assets of such subsidiaries before any assets are made available for distribution to holders of the Notes.

Credit Rating

On or around the Issue Date, the Notes will be assigned a rating of BB+ by S&P. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation. S&P appears on the latest update of the list of registered credit rating agencies on the ESMA website <http://www.esma.europa.eu>.

The Notes may be redeemed prior to maturity

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may, pursuant to Condition 7(b) (*Redemption for taxation reasons*), redeem all outstanding Notes in accordance with the Conditions. In addition, the Issuer may elect to redeem the Notes in whole, but not in part, at any time upon payment of a “make whole” amount pursuant to Condition 7(d) (*Redemption at the option of the Issuer*). In either case, the Notes would be redeemed prior to their scheduled maturity date.

Change of Control

Upon the occurrence of certain change of control events relating to the Issuer, as set out in Condition 7(c) (*Redemption at the option of Noteholders upon a Change of Control*), under certain circumstances the Noteholders will have the right to require the Issuer to redeem all outstanding Notes at 100 per cent. of their principal amount. However, it is possible that the Issuer will not have sufficient funds at the time of the Change of Control to make the required redemption of Notes. If there are not sufficient funds for the redemption, Noteholders may receive less than the principal amount of the Notes should they elect to exercise such right. Furthermore, if such provisions were exercised by the Noteholders, this might adversely affect the Issuer’s financial position.

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

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

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

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

Minimum denomination

As the Notes have a denomination consisting of the minimum denomination plus a higher integral multiple of amounts which are integral multiples of €1,000, up to a maximum of €199,000, it is possible that the Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €1,000 (or its equivalent). In such case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the minimum denomination.

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

All payments in respect of Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, the Issuer will pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. The Issuer's obligation to gross up is, however, subject to a number of exceptions, including withholding or deduction of *imposta sostitutiva* (Italian substitute tax), pursuant to Italian Legislative Decree No. 239 of 1 April 1996 a brief description of which is set out below.

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

Imposta sostitutiva

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

Change of law or administrative practice

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

Modification

The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

There is no active trading market for the Notes

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

Transfers of the Notes may be restricted, which may adversely affect the secondary market liquidity and/or trading prices of the Notes

The ability to transfer the Notes may also be restricted by securities laws or regulations of certain jurisdictions or regulatory bodies. See “*Subscription and Sale*”. The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (Securities Act) or any state securities laws or the securities laws of any other jurisdiction. Noteholders may not offer the Notes in the United States or for the account or benefit of a U.S. person, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. It is the obligation of each Noteholder to ensure that offers and sales of Notes comply with all applicable securities laws. In addition, transfers to certain persons in certain other jurisdictions may be limited by law, or may result in the imposition of penalties or liability. For a description of restrictions which may be applicable to transfers of the Notes, see “*Subscription and Sale*”.

The secondary market generally

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

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

Delisting of the Notes

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

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine

whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to the purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Exchange rate risks and exchange controls

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

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

PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

The audited consolidated financial statements of the Issuer as of and for the years ended, respectively, 31 December 2015 and 31 December 2016 incorporated by reference in this Prospectus have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union (“IFRS”). These audited consolidated financial statements are referred to in this Prospectus as, respectively, the “2015 Audited Consolidated Financial Statements” and the “2016 Audited Consolidated Financial Statements”.

The unaudited condensed interim consolidated financial statements of the Issuer as of and for the period ended 30 June 2017 incorporated by reference in this Prospectus have been prepared in accordance with IFRS applicable to interim financial reporting (IAS 34), endorsed by the European Union. These unaudited condensed interim consolidated financial statements are referred to in this Prospectus as the “2017 Interim Consolidated Financial Statements”.

Financial data included in this Prospectus has been derived from the 2016 Audited Financial Statements and 2017 Interim Consolidated Financial Statements. The financial information as at and for the periods ended 31 December 2015 and 30 June 2016 included in this prospectus has been taken from the comparative information included in the 2016 Consolidated Financial Statements and the 2017 Interim Consolidated Financial Statements respectively.

Comparability

On 4 January 2016 the acquisition of 100% of Lane was finalised by Salini Impregilo Group. See “Description of the Issuer – History and Development”.

IFRS provide that a subsidiary shall be consolidated starting from the date when control is acquired. Therefore, the consolidated financial statements as at 31 December 2016 present the statement of financial position figures as at 31 December 2015 and the income statement figures for the year then ended for comparative purposes that do not include Lane group. As a consequence, the data for 2016 Financial Year are not fully comparable with those of the previous year. See “*Risk Factors – Comparability of data*”.

Alternative Performance Measures

In order better to evaluate Salini Impregilo Group’s financial management performance, management has identified Alternative Performance Measures (each an “APM”). The Issuer believes that these APMs provide useful information for investors as regards the financial position, cash flows and financial performance of the same, because they facilitate the identification of significant operating trends and financial parameters. This Prospectus contains the following alternative performance measures as defined by the European Securities and Markets Authority’s Guidelines on Alternative Performance Measures (ESMA/2015/1415), which are used by the management of the Issuer to monitor its financial and operating performance:

- **Gross operating profit (EBITDA)**: shows the sum of the following items included in the statement of profit or loss:

- a. Total revenue.
- b. Total costs, less amortisation, depreciation, impairment losses and provisions.

- **Operating profit (EBIT)**: shows the sum of total revenue and total costs.

It should be noted that:

- i. the APMs are based exclusively on Salini Impregilo Group historical data and are not indicative of future performance;

- ii. the APMs are not derived from IFRS and, as they are derived from the consolidated financial statements of the Salini Impregilo Group prepared in conformity with these principles, they are not subject to audit;
- iii. the APMs are non-IFRS financial measures and are not recognised as a measure of performance or liquidity under IFRS and should not be recognised as alternative to performance measure derived in accordance with IFRS or any other generally accepted accounting principles;
- iv. the APMs should be read together with financial information for the Salini Impregilo Group taken from the consolidated financial statements and condensed interim financial statements of the Issuer; and
- v. the APMs and definitions used herein are consistent and standardised for all the period for which financial information in this Prospectus are included.

Adjusted financial information

In accordance with IFRS, joint ventures which the Group does not control are not consolidated on a line by line basis in the Group's financial statements, but the relevant impact is included using the equity method. The Group monitors the key figures of Lane group for management purposes by adjusting the IFRS figures prepared for consolidation purposes to present the result of joint ventures not controlled by Lane as if they were consolidated on a proportionate basis. These adjusted figures are obtained by adding to the revenues of Salini Impregilo Group the pro-quota share of revenues of the joint ventures not controlled by Lane (the "**Adjusted Revenues**") and by adding to the EBITDA of Salini Impregilo Group the pro-quota share of profits and losses of the joint ventures not controlled by Lane (the "**Adjusted EBITDA**").

In particular the Issuer monitors Adjusted Revenues and Adjusted EBITDA which are calculated by management as set out in the following table, and references in this Prospectus to Adjusted Revenues and Adjusted EBITDA should be construed accordingly. See "Risk Factors – Non-IFRS measures".

	Fiscal Year 2016			1st half 2017		
	(€'000)	Salini Impregilo Group	JV not controlled by Lane	Total adjusted figures	Salini Impregilo Group	JV not controlled by Lane
Adjusted Revenue	5,883,809	240,721	6,124,530	2,930,291	130,111	3,060,402
Adjusted EBITDA	552,837¹	24,372	577,209	276,476	7,598	284,074
Adjusted EBITDA margin %	9.10%	10.10%	9.40%	9.40%	5.80%	9.30%
Operating profit (EBIT)	275,513	24,372	299,885	129,561	7,598	137,159
Net financing costs	(86,506)	-	(86,506)	(85,777)	-	(85,777)
Net gain (losses) on equity investments	9,122	(24,372)	(15,250)	9,611	(7,598)	2,013
Profit before tax	198,129	-	198,129	53,395	-	53,395

¹ Given the Group's optimisation of its geographical and commercial positioning, which led to its repositioning on the international market, and considering that other sector operators use a calculation method for gross operating profit different to that used previously by the Group, in order to facilitate a comparison with the figures of its key competitors, including on new markets, the Group decided, starting from June 2017, to change the composition of the EBITDA indicator to exclude provisions and impairment losses as, in some cases, they have a non-recurring nature. The 2016 figures included in this Prospectus have been restated for comparative purposes and exclude €16.5 million of provisions and impairment losses.

INFORMATION INCORPORATED BY REFERENCE

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

- (a) the Issuer's 2016 Audited Consolidated and Separate Financial Statements;
- (b) the Issuer's 2015 Audited Consolidated and Separate Financial Statements; and
- (c) the 2017 Unaudited Interim Consolidated Financial Statements.

Such documents will be available, without charge, on the website of the Issuer, as follows:

- (iii) <https://www.salini-impregilo.com/static/upload/ann/annual-report-2016/annual-report-2016.pdf> as to the Issuer's 2016 Annual Consolidated Financial Statements;
- (iv) <http://www.salini-impregilo.com/static/upload/rel/relazione-finanziaria-annuale-al-31-dicembre-2015/relazione-finanziaria-annuale-al-31-dicembre-2015.pdf> as to the Issuer's 2015 Annual Consolidated Financial Statements; and
- (v) https://www.salini-impregilo.com/static/upload/int/interim-financial-report-30-june-2017_bookmarks.pdf as to the 2017 Interim Consolidated Financial Statements.

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

Cross-reference lists

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

2016 Audited Consolidated and Separate Financial Statements

Consolidated financial statements as at 31 December 2016

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

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

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

OVERVIEW OF FINANCIAL INFORMATION

Set out below is an overview of certain financial information of the Issuer derived from the 2017 Interim Consolidated Financial Statements and from the Issuer's 2015 and 2016 Audited Consolidated Financial Statements, which are incorporated by reference in this Prospectus.

The financial information reported below should be read in conjunction with the information set forth in sections "*Presentation of Financial and Certain Other Information*" and "*Information Incorporated by Reference*".

	As at 31 December	
	2015	2016
(Audited) (in Euro thousands)		
Non-current Assets		
Property, plant and equipment	594,365	803,039
Goodwill	0	175,188
Intangible assets	193,821	168,763
Equity Investments	131,254	201,468
Derivatives and non-current financial assets	67,832	62,614
Deferred tax assets	64,064	121,925
Total Non-current Assets	1,051,336	1,532,997
Current assets		
Inventories	268,073	270,579
Contract work in progress	1,775,791	2,367,263
Trade receivables	1,560,684	2,359,273
Derivatives and other current financial assets	312,104	323,393
Current tax assets	114,577	135,987
Other current tax assets	142,652	146,503
Other current assets	518,642	591,272
Cash and cash equivalents	1,410,775	1,602,721
Total current assets	6,103,298	7,796,990
Non-current assets held for sale and discontinued operations	147,606	6,032
Total Assets	7,302,241	9,336,019
Equity		
Equity attributable to the owners of Parent	1,116,000	1,205,005
Non-controlling interests	100,860	156,326
Total equity	1,216,860	1,361,331
Non-current liabilities		
Bank and other loans and borrowings	745,554	866,362
Bonds	396,211	868,115
Financial lease liabilities	79,789	119,742
Non-current derivative	4,113	4,429
Post-employment benefits and employee benefits	25,412	91,930
Deferred tax liabilities	55,857	108,493
Provision for risks	106,361	105,765
Total non-current liabilities	1,413,297	2,164,836
Current liabilities		
Current portion of bank loans and borrowings and current account facilities	538,802	398,589

Current portion of bonds	10,203	18,931
Current portion of finance lease liabilities	49,617	55,281
Derivatives and other current financial liabilities	10,685	2,751
Progress payments and advances on contract work in progress	1,862,759	2,455,632
Trade payables	1,630,437	2,344,773
Current tax liabilities	68,273	109,991
Other current tax liabilities	61,097	67,589
Other current liabilities	334,198	356,315
Total current liabilities	4,566,071	5,809,852
Liabilities directly associated with non-current assets held for sale and discontinued operations	106,012	0
Total Equity and Liabilities	7,302,241	9,336,019

For the year ended 31 December

	2015 (€)	2016
	(Audited) (in Euro thousands)	
Revenue		
Revenue	4,624,066	5,760,358
Other income	146,229	123,451
Total Revenue	4,770,295	5,883,809
Costs		
Operating costs	(4,264,866)	(5,330,972)
Amortization, depreciation, provisions and impairment losses	(237,842)	(277,324)
Total Costs	(4,502,708)	(5,608,296)
Operating profit	267,586	275,513
Financing income (costs) and gains (losses) on investments		
Financial income	34,587	44,499
Financial expence	(108,336)	(146,542)
Net exchange gains (losses)	(16,675)	15,537
<i>Net financing costs</i>	<i>(90,424)</i>	<i>(86,506)</i>
Net gains on equity investments	336	9,122
Net financing costs and gains on equity investments	(90,088)	(77,384)
Profit before tax	177,498	198,129
Income taxes expense	(84,577)	(77,952)
Profit from continuing operations	92,921	120,177
Loss from discontinued operations	(10,690)	(20,662)
Profit for the years	82,231	99,514

(§) The income statement for 2015 was restated to comply with IFRS 5 given the new disposal scope of Todini Costruzioni Generali Group.

	As at 30 June	
	2016	2017
(Unaudited) (in Euro thousands)		
Non-current Assets		
Property, plant and equipment	709,866	754,973
Goodwill	245,164	162,574
Intangible assets	185,380	137,707
Equity Investments	177,739	210,900
Derivatives and non-current financial assets	69,988	122,958
Deferred tax assets	63,269	66,394
Total Non-current Assets	1,451,406	1,455,506
Current assets		
Inventories	285,016	253,146
Contract work in progress	2,148,825	2,578,421
Trade receivables	2,066,662	2,404,316
Derivatives and other current financial assets	363,417	234,433
Current tax assets	119,638	133,269
Other current tax assets	140,931	141,971
Other current assets	576,111	659,976
Cash and cash equivalents	1,176,680	1,331,602
Total current assets	6,877,279	7,737,134
Non-current assets held for sale and discontinued operations	22,453	29,736
Total Assets	8,351,138	9,222,376
Equity		
Equity attributable to the owners of Parent	1,116,391	1,126,323
Non-controlling interests	123,707	149,103
Total equity	1,240,098	1,275,426
Non-current liabilities		
Bank and other loans and borrowings	843,318	829,699
Bonds	692,296	870,097
Financial lease liabilities	102,226	98,700
Non-current derivative	4,212	0
Post-employment benefits and employee benefits	88,539	93,380
Deferred tax liabilities	45,543	36,329
Provision for risks	106,230	100,472
Total non-current liabilities	1,882,364	2,028,677
Current liabilities		
Current portion of bank loans and borrowings and current account facilities	733,418	597,117
Current portion of bonds	16,084	16,185
Current portion of finance lease liabilities	54,218	53,075
Derivatives and other current financial liabilities	3,892	2,843
Progress payments and advances on contract work in progress	1,884,108	2,526,150
Trade payables	2,067,787	2,245,385

Current tax liabilities	65,764	85,728
Other current tax liabilities	55,451	44,721
Other current liabilities	324,249	326,598
Total current liabilities	5,204,971	5,897,802
Liabilities directly associated with non-current assets held for sale and discontinued operations	23,706	20,471
Total Equity and Liabilities	8,351,138	9,222,376

	For the six-months ended 30 June	
(in Euro thousands)	2016(§)	2017
(Unaudited) (in Euro thousands)		
Revenue		
Revenue	2,562,580	2,857,126
Other income	70,941	73,165
Total Revenue	2,633,521	2,930,291
Costs		
Operating costs	(2,395,095)	(2,653,815)
Amortization, depreciation, provisions and impairment losses	(126,667)	(146,915)
Total Costs	(2,521,762)	(2,800,730)
Operating profit	111,759	129,561
Financing income (costs) and gains (losses) on investments		
Financial income	21,883	35,984
Financial expence	(68,983)	(72,875)
Net exchange gains (losses)	2,145	(48,887)
<i>Net financing costs</i>	<i>(44,955)</i>	<i>(85,777)</i>
Net gains on equity investments	7,412	9,611
Net financing costs and gains on equity investments	(37,543)	(76,166)
Profit before tax	74,216	53,395
Income taxes expense	(31,769)	(20,824)
Profit from continuing operations	42,447	32,571
Loss from discontinued operations	(13,197)	(1,280)
Profit for the years	29,250	31,292

(§)The statement of profit or loss for the first half of 2016 was restated to comply with IFRS 5 after redefinition of the HCE business units.

CAPITALISATION

The following table sets forth the Issuer's consolidated cash and cash equivalents, non-current financial liabilities, total shareholders' equity and total capitalisation as of 30 June 2017 on an actual basis, without giving effect to (i) the net proceeds of the issue of the Notes, expected to amount to €495,500,000 after deduction of the commissions, or (ii) the use of proceeds therefrom. The historical consolidated financial information has been derived from the Issuer's Audited Consolidated Financial Statements.

Prospective investors should read this table in conjunction with the section entitled “*Use of Proceeds*”, and the Issuer's 2016 Audited Consolidated Financial Statements.

	<i>in Euro thousands</i>
Cash and cash equivalents	1,331,602
Current portion of financial liabilities	666,378
Non-current financial liabilities	1,798,496
Total financial liabilities (A)	2,464,874
Share capital	544,740
Reserves	730,686*
Total shareholders' equity (B)	1,275,426
Capitalisation (A+B)	3,740,300**

* includes € 149,103 of shareholders' equity attributable to third parties.

** Total capitalization represents total financial liabilities plus total shareholders' equity.

TERMS AND CONDITIONS OF THE NOTES

The €500,000,000 1.750 per cent. Notes due 26 October 2024 (the “**Notes**”, which expression includes any further notes issued pursuant to Condition 16 (Further issues) and forming a single series therewith) of Salini Impregilo S.p.A. (the “**Issuer**”) are issued on 26 October 2017 (the “**Issue Date**”) and are subject to, and have the benefit of, a trust deed dated 26 October 2017 (as amended or supplemented from time to time, the “**Trust Deed**”) between the Issuer and BNY Mellon Corporate Trustee Services Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Notes (the “**Noteholders**” and the holders of the interest coupons appertaining to the Notes (the “**Couponholders**” and the “**Coupons**”, respectively). The issue of the Notes was authorised by a resolution (*determina*) of the managing director of the Issuer dated 19 October 2017 pursuant to the powers delegated to the managing director by a resolution of the board of directors of the Issuer passed on 16 October 2017. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes and the Coupons. Copies of the Trust Deed, and of the Paying Agency Agreement (the “**Paying Agency Agreement**”) dated the Issue Date relating to the Notes between the Issuer, the Trustee and the initial principal paying agent and the other paying agents named in it, are available for inspection by Noteholders during usual business hours at the specified office of the Trustee (presently at One Canada Square, London E14 5AL, United Kingdom) and at the specified offices of the principal paying agent for the time being (the “**Principal Paying Agent**”) and the other paying agents for the time being (the “**Paying Agents**”, which expression shall include the Principal Paying Agent). The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Paying Agency Agreement.

1 Definitions and interpretation

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

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

“**Acting in Concert**” means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, either Directly or Indirectly, through the acquisition of shares in the Issuer by any of them, to obtain or strengthen its or their control over the Issuer.

“**Auditors**” means one of PricewaterhouseCoopers, Ernst & Young, KPMG or Deloitte & Touche or any other firm appointed by the Issuer and approved in writing in advance by the Trustee.

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

A “**Change of Control**” will be deemed to occur if any Person (other than the SAPA Relevant Shareholders) or group of persons Acting in Concert (other than the SAPA Relevant Shareholders acting in concert among themselves) acquires, Directly or Indirectly, Control of the Issuer.

“**Compliance Certificate**” means the compliance certificate to be delivered on each Reporting Date and signed by a duly authorised director of the Issuer, certifying, amongst others, that the Issuer is and has been in compliance with the covenants set out in Condition 4 (Covenants) at all times during the Relevant Period.

“**Consolidated Coverage Ratio**” means, as of any Determination Date, the ratio of (i) the Consolidated EBITDA for the Relevant Period ending on that Determination Date and (ii) the Consolidated Gross Interest Expenditure for that Relevant Period. In the event that the Issuer or any Subsidiary incurs, assumes, guarantees, repays, repurchases, redeems or otherwise discharges any

Indebtedness subsequent to the commencement of the period for which the calculation of the Consolidated Coverage Ratio is made, then the Consolidated Coverage Ratio will be calculated giving pro forma effect (as determined in good faith by reference to the most recent Compliance Certificate) to such incurrence, assumption, guarantee, repayment, repurchase, redemption or other discharge of Indebtedness, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable Relevant Period.

“Consolidated EBITDA” means, in respect of any Relevant Period, the consolidated operating profit of the Group before taxation (including the results from discontinued operations):

- (i) **before deducting** any interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments, whether paid, payable or capitalised by any member of the Group (calculated on a consolidated basis) in respect of that Relevant Period;
- (ii) **not including** any accrued interest owing to any member of the Group;
- (iii) **after adding back** any amount attributable to provisions and the amortisation, depreciation or impairment of assets of members of the Group (and taking no account of the reversal of any previous impairment charge made in that Relevant Period);
- (iv) **before taking into account** any Exceptional Items related to the members of the Group;
- (v) **before taking into account** any unrealised gains or losses on any derivative instrument (other than any derivative instrument which is accounted for on a hedge accounting basis);
- (vi) **before taking into account** any gain or loss arising from an upward or downward revaluation of any other asset; and
- (vii) **excluding** the charge to profit represented by the expensing of stock options,

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining operating profits of the Group before taxation.

“Consolidated Gross Interest Expenditure” means, for any Relevant Period, all interest expense of the Group for such period (including capitalised interest) determined on a consolidated basis in accordance with the Accounting Principles.

“Consolidated Total Assets” means, at any time, the consolidated total assets of the Group.

“Control” or **“Controlled”** has the meaning given to it by article 2359 of the Italian Civil Code and/or article 7 of Law No. 287 of 10 October 1990 and/or (where applicable) article 93 of Legislative Decree No. 58 of 24 February 1998.

“DCM Indebtedness” means (i) any indebtedness for or in respect of moneys borrowed or raised which is in the form of, or represented by, any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange, over the counter or on any other organised market for securities or (ii) any guarantee and/or indemnity in relation to any such indebtedness.

“Determination Date” means each of 31 December and 30 June in each year.

“Directly or Indirectly” means ownership in any Person either (i) directly through the ownership of shares in that Person or (ii) indirectly through the ownership of shares held in one or more controlling companies of that person.

“Event of Default” has the meaning given to it in Condition 10.

“Exceptional Items” means any exceptional, one-off, non-recurring or extraordinary items which represent gains or losses, including those arising on:

- (i) the restructuring of the activities of an entity and reversals of any provisions for the cost of restructuring;
- (ii) disposals, revaluations, write-downs or impairment of non-current assets or any reversal of any write-down or impairment; and
- (iii) disposals of assets associated with discontinued operations.

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

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

“Fitch” means Fitch Ratings Ltd or any successor thereto from time to time.

“Group” means the Issuer and its Subsidiaries from time to time.

“Indebtedness” means any indebtedness for or in respect of:

- (i) moneys borrowed and debit balances at banks or other financial institutions (including any overdraft);
- (ii) any acceptance under any acceptance credit or bill discounting facility (or dematerialised equivalent);
- (iii) any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;
- (iv) the amount of any liability in respect of Finance Leases;
- (v) receivables sold or discounted (other than any receivables sold on a non-recourse basis);
- (vi) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account);
- (vii) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability (but not, in any case, Trade Instruments) of an entity which is not a member of the Group, which liability would fall within one of the other paragraphs of this definition;
- (viii) any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) or are otherwise classified as borrowings under the Accounting Principles);
- (ix) any amount of any liability under an advance or deferred purchase agreement if (A) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (B) the agreement is in respect of the supply of assets or services and payment is due more than 120 days after the date of supply;

- (x) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under the Accounting Principles; and
- (xi) (without double counting) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (i) to (x) above.

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

- (i) any one of them becomes subject to any applicable bankruptcy, liquidation, administration, receivership, insolvency, composition or reorganisation (including, without limitation, *fallimento, liquidazione coatta amministrativa, concordato preventivo, accordi di ristrutturazione* and *amministrazione straordinaria*, each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including also any equivalent or analogous proceedings under the law of the jurisdiction in which it is deemed to carry on business, including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, receivership, arrangement, adjustment, protection or relief of debtors) or similar proceedings, or the whole or a substantial part of its undertaking or assets are subject to a *pignoramento* or similar procedure having a similar effect, unless such proceedings (A) are being disputed in good faith with a reasonable prospect of success as confirmed by an opinion of independent legal advisers of recognised standing or (B) are discharged or stayed within 60 days;
- (ii) an application for the commencement of any of the proceedings under paragraph (i) above is made in respect of, or by, any one of them, or the same proceedings are otherwise initiated against any one of them, or notice is given of intention to appoint an administrator in relation to any one of them, unless (A) the commencement of such proceedings is being disputed in good faith with a reasonable prospect of success as confirmed by an opinion of independent legal advisers of recognised standing or (B) such proceedings are discharged or stayed within 60 days;
- (iii) any one of them takes any action for a re-adjustment or deferral of any of its obligations, or makes a general assignment or an arrangement or composition with or for the benefit of its creditors, or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any of its indebtedness, or applies for suspension of payments; or
- (iv) an order is made or an effective resolution is passed for the winding-up, liquidation, administration or dissolution in any form of any one of them (except a winding-up for the purposes of or pursuant to Permitted Reorganisation), or any of the events under article 2484 of the Italian civil code occurs with respect to any one of them.

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

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

“Material Subsidiary” means, at any time, any Subsidiary of the Issuer which (consolidated with its own Subsidiaries, if any) accounts for at least 10 per cent. of the Consolidated EBITDA, the Consolidated Total Assets or the Group’s gross revenues (excluding intra-group items), or any holding company of any such company. For the purposes of this definition, compliance with the conditions set

out above shall be determined by reference to the most recent Compliance Certificate and/or the latest audited financial statements of that Subsidiary (consolidated in the case of a Subsidiary which itself has Subsidiaries) and the latest audited consolidated financial statements of the Group. However, if a Subsidiary has been acquired since the date as at which the latest audited consolidated financial statements of the Group were prepared, the financial statements shall be deemed to be adjusted in order to take into account the acquisition of that Subsidiary (that adjustment being certified by the Group's Auditors as representing an accurate reflection of the revised the Consolidated EBITDA, the Consolidated Total Assets or the Group's gross revenues (excluding intra-group items)). A report by the Auditors of the Issuer or a certificate signed by a duly authorised director of the Issuer that a Subsidiary is or is not a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Trustee, the Noteholders and all other persons.

“Moody’s” means Moody’s Investors Service Limited or any successor thereto from time to time.

“Permitted Indebtedness” means:

- (i) any Indebtedness of the Issuer or a Subsidiary outstanding on the Issue Date and any extension, renewal, refunding or refinancing thereof (the “**Existing Permitted Indebtedness**”), provided that the principal amount thereof outstanding immediately before giving effect to such extension, renewal, refunding or refinancing is not increased so as to exceed the principal amount of such Existing Permitted Indebtedness outstanding on the Issue Date;
- (ii) any Indebtedness of a Subsidiary outstanding at the time such Subsidiary becomes a Subsidiary, and any extension, renewal, refunding or refinancing of such Indebtedness (the “**Acquired Subsidiary Indebtedness**”), provided that (A) such Acquired Subsidiary Indebtedness shall not have been incurred in contemplation of such Subsidiary becoming a Subsidiary and (B) immediately after such Subsidiary becomes a Subsidiary, no Event of Default shall exist;
- (iii) any Indebtedness of a Subsidiary owing to or in favour of the Issuer or any other Subsidiary;
- (iv) any Project Indebtedness incurred in relation to any Project (other than the Indebtedness referred to in paragraph (v) below);
- (v) any Indebtedness of a Subsidiary which is not a Material Subsidiary (the “**Other Permitted Indebtedness**”); and
- (vi) any Indebtedness of the Issuer and/or the Material Subsidiaries (other than the Indebtedness referred to in paragraphs (i) to (v) above) up to an aggregate principal amount equal to 15 per cent. of Consolidated Total Assets, determined as of the latest Determination Date (the “**Material Permitted Indebtedness**”).

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

- (i) such entity assumes all the obligations of the Issuer in respect of the Notes, and an opinion of an independent legal adviser of recognised standing in the Republic of Italy has been delivered to the Trustee, on behalf of the Noteholders, confirming the same prior to the effective date of such amalgamation, merger or reconstruction; and
- (ii) (A) within 120 days of the completion of such transaction, such entity will be assigned at least the same corporate credit rating as the Issuer and (B) at the time of such transaction, the Consolidated Coverage Ratio of such entity relating to the Relevant Period referred to in the

latest Compliance Certificate (to the extent applicable pursuant to Condition 4 (Covenants) and as determined on a pro forma basis) is higher than the threshold set out in Condition 4 (Covenants)),

unless such amalgamation, merger, demerger or reconstruction has been approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders, and provided, however, that, in case of any solvent amalgamation, merger, demerger or reconstruction between the Issuer and any Subsidiary fully owned by the Issuer, (A) where the assets are transferred to or otherwise vested with the Issuer, the opinion set out in paragraph (i) will not be required or necessary and (B) the condition set out in paragraph (ii)(B) shall not apply.

“Permitted Security Interest” means:

- (i) any Security Interest arising by operation of law;
- (ii) any Security Interest to secure, respectively, the Existing Permitted Indebtedness, the Acquired Subsidiary Indebtedness and the Other Permitted Indebtedness;
- (iii) any Security Interest to secure the Material Permitted Indebtedness;
- (iv) any Project Security Interest;
- (v) any Security Interest to secure the Indebtedness upon, or with respect to, any present or future assets, receivables, remittances or payment rights of the Issuer or any of its Subsidiaries (the “**Charged Assets**”) which is created pursuant to any securitisation or like arrangements whereby all or substantially all the payment obligations in respect of such Indebtedness are to be discharged solely from the Charged Assets; and
- (vi) any Security Interest created in substitution of, or supplementing, any Security Interest permitted under paragraphs (ii) to (v) above over the same or substituted assets, provided that (A) the principal amount secured by the substitute Security Interest does not exceed the principal amount outstanding and secured by the initial Security Interest, (B) in the case of substituted assets, the market value of the substituted assets as at the time of substitution does not exceed the market value of the assets replaced, as determined and confirmed in writing by the Issuer (acting reasonably), (C) in the case of a Security Interest being supplemented, such supplementing was provided for under the relevant contractual arrangements at the time of creation of the Security Interest and is required to comply with such contractual arrangements, and (D) the duration of the substitute Security Interest does not exceed the duration of the initial Security Interest.

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

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

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

“Project Indebtedness” means any Indebtedness to finance or refinance a Project where the recourse of the creditors thereof is limited to any or all of (i) the relevant Project (or the concession or assets related thereto), (ii) the share capital of, or other equity contribution to, the Project Company or Project Companies developing, financing or otherwise directly involved in the relevant Project, and/or (iii)

other credit support (including, without limitation, completion guarantees and contingent equity obligations) customarily provided in support of such indebtedness.

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

“Rating Agencies” means Fitch, Moody’s and S&P.

A **“Rating Event”** will have occurred if, and will be deemed to be outstanding for so long as:

- (i) (A) the unsecured, unsubordinated debt obligations of the Issuer are rated by at least two of the Rating Agencies and (B) at least one of the Rating Agencies has assigned such debt obligations a rating of not lower than (I) Baa3 by Moody’s, (II) BBB by S&P or (III) BBB by Fitch; and
- (ii) no Event of Default has occurred and is continuing.

“Reference Dealer Rate” means, with respect to the Reference Dealers and the Optional Redemption Date, the average of the mid-market annual swap rate as determined by the Reference Dealers at 11:00 a.m. London time on the third business day in London preceding such Optional Redemption Date, quoted in writing to the Issuer by the Reference Dealers. For the purposes of this definition, the **“mid-market annual swap rate”** means the arithmetic mean of the bid and offered rates for the annual fixed leg calculated on a 30/360 day count basis on a fixed-for-floating Euro interest rate swap transaction maturing on 26 October 2024, on such Optional Redemption Date.

“Reference Dealers” means Banca IMI S.p.A., Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., BNP Paribas, Goldman Sachs International, Natixis and UniCredit Bank AG or their successors.

“Relevant Jurisdiction” means the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes and Coupons.

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

“Reporting Date” means a date falling no later than 60 days after (i) the approval by the board of directors of the Issuer’s consolidated financial statements, with respect to the Relevant Period ending on 31 December, or (ii) the approval by the board of directors of the Issuer’s unaudited semi-annual consolidated financial statements, with respect to a Relevant Period ending on 30 June, provided that the first Reporting Date shall be the date falling no later than 60 days after the approval by the board of directors of the Issuer’s consolidated financial statements as of, and for the period ended, 31 December 2017.

“S&P” means Standard & Poor’s Rating Services, a division of The McGraw Hill Companies, Inc. or any successor thereto from time to time.

“SAPA Relevant Shareholders” means Mr Pietro Salini, born in Rome on 29 March 1958 and/or Mr Simonpietro Salini, born in Rome on 4 June 1932 and/or any company Controlled, Directly or Indirectly, jointly or severally, by any of them and/or any trustee, fiduciary or similar Person appointed to administer assets of any of the foregoing where they are the sole beneficiaries and which administration is made exclusively in the interests of any of them.

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

right of set-off, but including any conditional sale or other title retention arrangement or any finance leases.

“Subsidiary” means, in relation to any company, corporation or legal entity (excluding, for the avoidance of doubt, any consortium pursuant to article 2602 of the Italian civil code) (a “**holding company**”), any company, corporation or legal entity (excluding, for the avoidance of doubt, any consortium pursuant to article 2602 of the Italian civil code) which is Controlled, Directly or Indirectly, by the holding company.

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

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

“Trade Instruments” means any bid bonds, performance bonds, advance payment bonds, retention money bonds or documentary letters of credit issued in respect of the obligations of any member of the Group arising in the ordinary course of trading of that member of the Group.

“Treasury Transactions” means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

(b) **Interpretation:** In these Conditions:

- (i) **“business day”** means a day on which commercial banks and foreign exchange markets are open in the relevant city and which is a TARGET Settlement Day;
- (ii) **“Person”** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;
- (iii) **“Relevant Date”** means whichever is the later of (A) the date on which such payment first becomes due and (B) if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Noteholders;
- (iv) any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition or any undertaking given in addition to or substitution for it under the Trust Deed; and
- (v) any reference in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to Condition 16 (Further issues) and forming a single series with the Notes.

2 Form, denomination and title

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

3 Status

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

4 Covenants

- (a) **Limitation on Indebtedness:** So long as any of the Notes or Coupons remains outstanding (as defined in the Trust Deed), the Issuer shall not, and shall procure that none of its Subsidiaries will, incur any additional Indebtedness (other than the Permitted Indebtedness) if, on the date of the incurrence of such additional Indebtedness, the Consolidated Coverage Ratio relating to the Relevant Period referred to in the latest Compliance Certificate is less than 2.5 to 1.0, determined on a pro forma basis, assuming for these purposes that such additional Indebtedness has been incurred, and the net proceeds thereof applied, on the first day of the applicable Relevant Period.
- (b) **Compliance certificate:** For so long as the Notes remain outstanding, the Issuer will deliver the Compliance Certificate to the Trustee on each Reporting Date.
- (c) **Suspension of covenants:** To the extent that the Rating Event has occurred and for so long as such Rating Event is outstanding, Condition 4(a) (Limitation on Indebtedness), Condition 4(b) (Compliance certificate) and Condition 5 (Negative pledge) shall not apply, provided, however, that Condition 5 (Negative pledge) will continue to apply to the DCM Indebtedness only.

5 Negative pledge

So long as any Note or Coupon remains outstanding, the Issuer shall not, and shall procure that none of its Material Subsidiaries will, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its undertaking, assets or revenues, present or future to secure any Indebtedness or to secure any guarantee or indemnity in respect of any Indebtedness, without, at the same time or prior thereto, according to the Notes and the Coupons:

- (a) the same security as is created or subsisting to secure any such Indebtedness, guarantee or indemnity; or
- (b) the benefit of such other security as either (i) the Trustee shall, in its absolute discretion, deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders, provided that, for the avoidance of doubt, in the circumstances described in Condition 4(c) (Suspension of covenants), any reference to the Indebtedness set out in this Condition 5 shall be construed as a reference to the DCM Indebtedness only.

6 Interest

The Notes bear interest from and including the Issue Date at the rate of 1.750 per cent. per annum, payable annually in arrear on 26 October in each year, commencing on 26 October 2018 (each an "**Interest Payment Date**") and will amount to €17.50 per Calculation Amount.

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant holder, and (b) the day which is seven

days after the Trustee or the Principal Paying Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day.

Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period, the day-count fraction used will be the number of days in the Relevant Period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the Relevant Period falls (including the first such day but excluding the last).

Interest in respect of any Note shall be calculated per Calculation Amount. The amount of interest payable per Calculation Amount for any period shall be equal to the product of 1.750 per cent., the Calculation Amount and the day-count fraction for the Relevant Period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

7 Redemption and Purchase

- (a) **Final redemption:** Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 26 October 2024. The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition.
- (b) **Redemption for taxation reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their principal amount, (together with interest accrued to the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as provided or referred to in Condition 9 (Taxation) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 7(b), the Issuer shall deliver to the Trustee (A) a certificate signed by a duly authorised director of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will be obliged to pay such additional amounts as a result of such change and the Trustee shall be entitled to accept such certificate and legal opinion as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.
- (c) **Redemption at the option of Noteholders upon a Change of Control:** If a Change of Control occurs, the holder of each Note will have the option (a "Put Option") (unless, prior to the giving of the relevant Put Event Notice (as defined below), the Issuer has given notice of redemption under Condition 7(b) (Redemption for taxation reasons)) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Put Date (as defined below) at 100 per cent. of its principal amount together with (or, where purchased, together with an amount equal to) interest (if any) accrued to (but excluding) the Put Date.

Promptly upon the Issuer becoming aware that a Change of Control has occurred, the Issuer shall, and, at any time upon the Trustee becoming similarly so aware, the Trustee may, and, if so directed by an Extraordinary Resolution of the Noteholders, shall (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction), give notice (a "Put Event Notice") to

the Noteholders in accordance with Condition 17 (Notices) specifying the nature of the Change of Control and the procedure for exercising the Put Option.

To exercise the Put Option, the holder of a Note must deliver such Note to the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the “**Put Period**”) of 30 days after a Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a “**Put Notice**”). The Note should be delivered together with all Coupons appertaining thereto maturing after the date which is seven days after the expiration of the Put Period (the “**Put Date**”), failing which, the Paying Agent will require payment from or on behalf of the Noteholder of an amount equal to the face value of any such missing Coupon. Any amount so paid will be reimbursed to the Noteholder against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 12 (Replacement of Notes and Coupons)) at any time after such payment, but before the expiry of the period of five years from the date on which such Coupon would have become due, but not thereafter. The Paying Agent to which such Note and Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Put Notice to which payment is to be made, on the Put Date by transfer to that bank account and, in every other case, on or after the Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Put Notice, once given, shall be irrevocable. For the purposes of these Conditions, receipts issued pursuant to this Condition 7(c) shall be treated as if they were Notes. The Issuer shall redeem or purchase (or procure the purchase of) the relevant Notes on the Put Date unless previously redeemed (or purchased) and cancelled.

If 85 per cent. or more in principal amount of the Notes then outstanding has been redeemed or purchased pursuant to this Condition 7(c), the Issuer may, on giving not less than 30 nor more than 60 days’ notice to the Noteholders (such notice being given within 30 days after the Put Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at their principal amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

The Trustee is under no obligation to ascertain whether a Change of Control or any event which could lead to the occurrence of, or could constitute, a Change of Control has occurred and, until it shall have actual knowledge or express notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Change of Control or other such event has occurred.

- (d) **Redemption at the option of the Issuer:** Unless a Put Event Notice has been given pursuant to Condition 7(c) (Redemption at the option of Noteholders upon a Change of Control) above, the Issuer may, at any time, on giving not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 17 (Notices) (which notice shall be irrevocable and shall specify the date fixed for redemption (the “**Optional Redemption Date**”)), redeem all, but not some only, of the Notes at a redemption price per Note equal to the higher of the following, in each case together with interest accrued to but excluding the Optional Redemption Date:
- (i) 100 per cent. of the principal amount of the Note; and
 - (ii) the sum of the then current values of the remaining scheduled payments of principal and interest (not including any interest accrued on the Notes to, but excluding, the Optional Redemption Date) discounted to the Optional Redemption Date on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) by 366) at the

Reference Dealer Rate (as defined above) plus 0.50 per cent., in each case as determined by the Reference Dealers.

- (e) **No other redemption:** The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 7(b), 7(c) (Redemption at the option of Noteholders upon a Change of Control) and 7(d) (Redemption at the option of the Issuer).
- (f) **Notice of redemption:** All Notes in respect of which any notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition.
- (g) **Purchase:** The Issuer and its Subsidiaries may at any time purchase Notes in the open market or otherwise at any price (provided that, if they should be cancelled under Condition 7(h) (Cancellation) below, they are purchased together with all unmatured Coupons relating to them). The Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of these Conditions and the Trust Deed. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to the Paying Agent for cancellation.
- (h) **Cancellation:** All Notes which are (i) purchased by or on behalf of the Issuer or any such Subsidiary and surrendered for cancellation or (ii) redeemed, and any unmatured Coupons attached to or surrendered with them, will be cancelled and may not be re-issued or resold.

8 Payments

- (a) **Method of payment:** Payments of principal and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Notes or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent by transfer to a Euro account specified by the payee with a bank in a city in which banks have access to the TARGET System. Payments of interest due in respect of any Note other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Note.
- (b) **Payments subject to fiscal laws:** All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (Taxation). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (c) **Surrender of unmatured Coupons:** Each Note should be presented for redemption together with all unmatured Coupons relating to it, failing which, the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than 10 years after the Relevant Date (for the relevant payment of principal in respect of the relevant Note).
- (d) **Payments on business days:** A Note or Coupon may only be presented for payment on a day which is a business day in the place of presentation and, in the case of payment by credit or transfer to a Euro account as described above, is a TARGET Settlement Day. No further interest or other payment will be made as a consequence of the day on which the relevant Note or Coupon may be presented for payment under this Condition 8 falling after the due date.
- (e) **Paying Agents:** The initial Paying Agents and their initial specified offices are listed in the Paying Agency Agreement. The Issuer reserves the right at any time with the approval of the Trustee to vary

or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will maintain (i) a Principal Paying Agent and (ii) Paying Agents having specified offices in at least two major European cities in a jurisdiction other than Italy approved by the Trustee.

9 Taxation

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

- (a) presented for payment in the Republic of Italy; or
- (b) presented for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with any Relevant Jurisdiction other than the mere holding of the Note or Coupon; or
- (c) presented for payment by, or on behalf of, a holder who is entitled to avoid such withholding or deduction in respect of the Note or Coupon by making a declaration or any other statement to the relevant tax authority, including, but not limited to, a declaration of residence or non-residence or other similar claim for exemption, and fails to do so in due time; or
- (d) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other amounts are paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities; or
- (e) on account of *imposta sostitutiva* pursuant to Legislative Decree No. 239 of 1 April 1996 (as, or as may subsequently be, amended or supplemented) and related regulations of implementation which have been, or may subsequently be, enacted (“**Decree 239**”) with respect to any Note or Coupon, including all circumstances in which the procedures to obtain an exemption from *imposta sostitutiva* or any alternative future system of deduction or withholding set forth in Decree 239, have not been met or complied with, except where such procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents; or
- (f) presented for payment where such withholding or deduction 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.

For the avoidance of doubt, notwithstanding any other provision of the Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 to 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer nor any other Person will be required to pay any additional amounts in respect of FATCA Withholding.

10 Events of Default

If any of the following events occurs, the Trustee, at its discretion, may, and, if so directed by an Extraordinary Resolution, shall (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction), give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their principal amount together (if applicable) with accrued interest:

- (a) **Non payment:** the Issuer fails to pay the principal of, or any interest on, any of the Notes when due, and such failure continues for a period of seven business days; or
- (b) **Breach of other obligations:** the Issuer does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed, which default is incapable of remedy or, if, in the opinion of the Trustee, capable of remedy, is not, in the opinion of the Trustee, remedied within 60 days after notice of such default shall have been given to the Issuer by the Trustee; or
- (c) **Cross-default:** (i) any other present or future indebtedness of the Issuer or any of its Material Subsidiaries for or in respect of moneys borrowed or raised (other than the Project Indebtedness) becomes due and payable prior to its stated maturity by reason of any actual or potential default or event of default (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (iii) the Issuer or any of its Material Subsidiaries 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 Condition 10(c) have occurred equals or exceeds €50,000,000 or its equivalent; or
- (d) **Enforcement proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries (excluding, for the purposes of this Condition 10(d), any Material Subsidiary which is also a Project Company) having an aggregate value of at least €50,000,000 or its equivalent unless such distress, attachment, execution or other legal process (i) is being disputed in good faith with a reasonable prospect of success as confirmed by an opinion of independent legal advisers of recognised standing or (ii) is discharged or stayed within 60 days; or
- (e) **Security enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Material Subsidiaries (excluding, for the purposes of this Condition 10(e), any Material Subsidiary which is also a Project Company) having an aggregate value of at least €50,000,000 or its equivalent becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar Person) unless discharged or stayed within 60 days; or
- (f) **Insolvency:** an Insolvency Event occurs in relation to either the Issuer or any of its Material Subsidiaries (other than for the purposes of, or pursuant to, a Permitted Reorganisation) or the Issuer or any of its Material Subsidiaries becomes Insolvent; or
- (g) **Cessation of business:** the Issuer or any of its Material Subsidiaries (excluding, for the purposes of this Condition 10(g), any Material Subsidiary which is also a Project Company) ceases or threatens to cease to carry on all or a substantial part of its business (other than for the purposes of, or pursuant to, a Permitted Reorganisation), provided that the occurrence of a Change of Control set out in Condition 7(c) (Redemption at the option of Noteholders upon a Change of Control) will not trigger the Event of Default set out in this Condition 10(g); or

- (h) **Analogous event:** any event occurs which, under any applicable laws has an analogous effect to any of the events referred to in Conditions 10(d) (Enforcement proceedings) to 10(g) (Cessation of business) (both inclusive); or
- (i) **Unlawfulness:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Notes or the Trust Deed.

11 Prescription

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

12 Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent, subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

13 Meetings of Noteholders, modification and waiver

- (a) **Meetings of Noteholders:** The Trust Deed contains provisions consistent with the laws, legislation, rules and regulations of the Republic of Italy for convening meetings of the Noteholders to consider any matter affecting their interests, including any modifications of the Conditions or of any provisions of the Trust Deed. The above provisions are subject to compliance with mandatory laws, rules and regulations of the Republic of Italy in force from time to time.

The quorum and the majorities for passing resolutions at any such meetings are established by article 2415 of the Italian civil code, the Issuer's by-laws in force from time to time and, as long as the Issuer has shares listed on a regulated market of the Republic of Italy or any other EU member country regulated markets, by Legislative Decree No. 58 of 24 February 1998, as amended and implemented.

Resolutions validly passed at any meeting of the Noteholders shall be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders. In accordance with the Italian civil code, a *rappresentante comune*, being a joint representative of Noteholders, may be appointed in accordance with article 2417 of the Italian civil code in order to represent the Noteholders' interest hereunder and to give execution to the resolutions of the meeting of the Noteholders. The *rappresentante comune* may be a person who is not a Noteholder and may be (i) a company duly authorised to carry on investment services (*servizi di investimento*) or (ii) a trust company (*società fiduciaria*). The *rappresentante comune* shall not be a director, statutory auditor or employee of the Issuer or a person who falls within one of the categories specified by article 2399 of the Italian civil code. The *rappresentante comune* is appointed by resolution passed at the Noteholders' meeting. In the event the Noteholders' meeting fails to appoint the *rappresentante comune*, the appointment is made by a competent court upon the request of one or more relevant Noteholders or the directors of the Issuer. The *rappresentante comune* shall remain in office for a period not exceeding three financial years from appointment and may be reappointed; remuneration shall be determined by the meeting of Noteholders which makes the appointment. The *rappresentante comune* shall have the powers and duties set out in article 2418 of the Italian civil code.

- (b) **Modification and waiver:** The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that, in its opinion, is of a formal, minor or technical nature or is made to correct a manifest error and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is, in the opinion of the Trustee, not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and such modification shall be notified to the Noteholders as soon as practicable.
- (c) **Entitlement of the Trustee:** In connection with the exercise of its functions (including, but not limited to, those referred to in this Condition), the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders, and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

14 Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such steps, actions or proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed, the Notes and the Coupons, but it need not take any such steps, actions or proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in principal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

15 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may act and rely, without liability to Noteholders or Couponholders, on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept, and shall be entitled to rely on, any such report, confirmation or certificate or advice, and such report, confirmation or certificate or advice shall be binding on the Issuer, the Trustee and the Noteholders.

16 Further issues

The Issuer may, from time to time, without the consent of the Noteholders or Couponholders, create and issue further securities, either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them), and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes), or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 16 and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The

Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

17 Notices

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper (which is expected to be the *Financial Times*) and, so long as the Notes are admitted to trading on the Irish Stock Exchange and it is a requirement of applicable law or regulations, a leading newspaper having general circulation in the Republic of Ireland or published on the website of the Irish Stock Exchange (www.ise.ie) or, in either case, if, in the opinion of the Trustee, such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition 17.

18 Contracts (Rights of Third Parties) Act 1999

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

19 Governing law

- (a) **Governing law:** The Trust Deed, the Notes and the Coupons, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law. Condition 13(a) (Meetings of Noteholders) and the provisions of Schedule 3 of the Trust Deed which relate to the convening of meetings of Noteholders and the appointment of a Noteholders' representative are subject to compliance with Italian law.
- (b) **Jurisdiction:** The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes or the Coupons, and, accordingly, any Proceedings may be brought in such courts. Pursuant to the Trust Deed, the Issuer has irrevocably submitted to the jurisdiction of such courts.
- (c) **Agent for service of process:** Pursuant to the Trust Deed, the Issuer has irrevocably appointed an agent in England to receive service of process in any Proceedings in England based on any of the Notes or the Coupons.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

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

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

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

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

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form (“**Definitive Notes**”) in the denomination of €100,000 each and integral multiples of €1,000 in excess thereof, up to and including €199,000 each, at the request of the bearer of the Permanent Global Note against presentation and surrender of the Permanent Global Note to the Principal Paying Agent if Euroclear or Clearstream, Luxembourg or any alternative clearing system through which the Notes are held is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business.

So long as the Notes are represented by a Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum authorised denomination of €100,000 and higher integral multiples of €1,000, notwithstanding that no Definitive Notes will be issued with a denomination above €199,000.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 30 days of the occurrence of the relevant Exchange Event.

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

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

Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

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

Redemption of the option of the Issuer: In order to exercise the option contained in Condition 7(d) (*Redemption at the option of the Issuer*) the Issuer shall give notice to the Noteholders and the relevant clearing system (or procure that such notice is given on its behalf) within the time limits set out in and containing the information required by that condition and Condition 7(f) (Notice of redemption).

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

Notices: Notwithstanding Condition 17 (*Notices*), while all the Notes are represented by the Permanent Global Note (or, as the case may be, by the Permanent Global Note and/or the Temporary Global Note) and the Permanent Global Note is (or, as the case may be, the Permanent Global Note and/or the Temporary Global Note are) held on behalf of Euroclear or Clearstream, Luxembourg or an alternative clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg or such alternative and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 17 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg except that, for so long as such Notes are admitted to trading on the Irish Stock Exchange and it is a requirement of applicable law or regulations, such notices shall be published on the website of the Irish Stock Exchange (www.ise.ie).

USE OF PROCEEDS

€500,000,000 in principal amount of the Notes being issued will be used by the Issuer in order to prepay in part its outstanding indebtedness, in respect of which some Managers are lenders.

Actual amounts will vary from estimated amounts depending on several factors, including estimated costs, fees and expenses.

DESCRIPTION OF THE ISSUER

OVERVIEW

Salini Impregilo Società per azioni or Salini Impregilo S.p.A. (“**Salini Impregilo**” or the “**Issuer**”) is the parent company of the Salini Impregilo group of companies, which, as at 30 June 2017, included 140 subsidiaries and 14 joint operations (which are not fully controlled by the Issuer) (the “**Salini Impregilo Group**” or the “**Group**”). The Issuer (formerly Impregilo S.p.A.) originated from the integration of four Italian companies (see “*History and Development*”) pursuant to the provisions of the Italian civil code, as in force and applicable at that time.

The registered and head office of the Issuer is located in Milan (Italy), Via dei Missaglia, 97, telephone No. +39 02.444.22111. The Issuer is incorporated under the laws of the Republic of Italy and it is registered with the Register of Companies of Milan under No. 00830660155 - VAT No. 02895590962. Pursuant to Article 5 of its by-laws, the duration of the Issuer is until 31 December 2050, which may be extended by resolution of the shareholders’ meeting.

The Group is an international general contractor specialising in the construction of major, complex infrastructure works in more than 50 countries throughout the world. The Group’s customers primarily consist of public sector entities, as well as – to a lesser extent – private companies such as grid operators and holders of concessions. The Group is headquartered in Italy but can count on a broad and geographically diverse presence, with operations in Europe, the Americas, Africa, Asia, Australia and the Middle East. The Group is the leading global construction company in the water sector by revenue.

For the year ended 31 December 2016, the Group’s Adjusted Revenues were €6.1 billion and the construction backlog stood at approximately €29 billion, with an Adjusted EBITDA of €577.2 million and a Net Financial Position of €-350.8 million. As at 31 December 2016, employees of the Group totalled approximately 34,000.

As of 30 June 2017, the Group’s Adjusted Revenues were €3.1 billion and the construction backlog stood at approximately €28 billion, with an Adjusted EBITDA of €284.1 million and a Net Financial Position of €-784.8 million. As at 30 June 2017, employees of the Group totalled approximately 35,000.

Within the Salini Impregilo Group, the Issuer is an operating company and is active prominently in the construction business, although it also acts as concessionaire in relation to certain projects.

The issued and paid-in share capital of the Issuer as of 30 June 2017 is €544,740,000, divided into 493,788,182 shares with no par value, comprising 492,172,691 ordinary shares and 1,615,491 savings shares. From 30 June 2017 until the date of the Prospectus, no changes occurred to the issued and paid-in share capital of the Issuer. The Issuer’s shares are listed and traded on the Mercato Telematico Azionario (“**MTA**”), the Italian screen-based trading system organised and managed by Borsa Italiana S.p.A. For a description of the Group’s business, see “*Business Overview*”.

The Issuer is the entity resulting from the reverse merger of Salini S.p.A. (“**Salini**”) into Impregilo S.p.A. (“**Impregilo**”), effective from 1 January 2014. In particular, the merger constituted the final phase of the acquisition process of Impregilo that Salini began in 2011, with the intent of creating the leading Italian general contractor and one of the leading international general contractors specialised in the construction of large-scale complex infrastructure projects. Following the reverse merger of Salini into Impregilo (which was renamed Salini Impregilo S.p.A.), the Group may rely on a more diversified global footprint, greater scale and scope than the predecessor entities and a stronger balance sheet, all of which, management believes, enable the Group to continue generating operational synergies, attract and retain talents, access larger bank and bond

facilities and allow it to better compete for and execute large-scale complex infrastructure projects. For a description of the Group's history, see "*History and Development*".

As of the date of this Prospectus, the Issuer has the following long-term ratings:

Agency	Long-Term	Outlook
Standard & Poor's	BB+	Stable
Dagong Europe Credit Rating	BB+	Positive
Fitch Ratings	BB	Positive

As of 17 October 2017, on the basis of (i) the shareholders' book, (ii) the communications received pursuant to CONSOB Regulation No. 11971 of 14 May 1999, as amended, and (iii) the available public information, Salini Costruttori S.p.A. ("Salini Costruttori") owns 66.46 per cent. of Salini Impregilo's ordinary shares, is the Issuer's controlling shareholder and directs and co-ordinates the activities of the Issuer pursuant to Articles 2497 *et seq.* of the Italian Civil Code.

HISTORY AND DEVELOPMENT

The Issuer is the entity resulting from the reverse merger of Salini into Impregilo, effective from 1 January 2014.

Salini

Salini was incorporated on 6 December 2011 by its parent company, Salini Costruttori, a company incorporated on 7 February 1972, which primarily focused on construction, both in Italy and abroad, but that also engaged in real estate management.

Effective from 1 January 2012, Salini Costruttori contributed its construction business unit (including all associated contracts entered into directly or indirectly by Salini Costruttori in Italy and abroad, as well as Salini Costruttori's stake in Impregilo) to Salini, while retaining its real estate management business.

Impregilo

Impregilo, which was historically one of the leading Italian construction companies active in the design and construction of large-scale infrastructure works in Italy and abroad and whose ordinary and savings shares were listed on the Italian stock exchange, originated from the integration of four Italian companies, Girola S.p.A. ("Girola"), Lodigiani S.p.A. ("Lodigiani"), Imprese Italiane all'Ester - Impresit S.p.A. ("Impresit") and Cogefar Costruzioni Generali S.p.A. ("Cogefar"). These companies were historically active in domestic construction, in particular in the period between the First and the Second World Wars. In 1959, Girola, Lodigiani and Impresit incorporated a new company, named Impresit-Girola-Lodigiani (Impregilo) S.p.A., with the aim of co-operating on a continuous basis to the construction of large hydroelectric and hydraulic plants outside Italy. In 1989, Impresit was merged into Cogefar and, in 1994, the combined entity, in turn, merged with Impresit-Girola-Lodigiani (Impregilo) S.p.A. and was renamed Impregilo S.p.A.

Following these transactions, Impregilo, whose main shareholder at the time was FIAT S.p.A., became a leading Italian construction company. Impregilo primarily focused on the design and construction of large-scale infrastructure projects, both in Italy and abroad, including highways, ports, hydraulic works and railways.

Integration between Salini and Impregilo: the National Champion Project (Campione Nazionale™)

In September 2011, Salini Costruttori began purchasing ordinary shares of Impregilo. Effective from 1 January 2012, Salini Costruttori contributed, *inter alia*, its outstanding stake in Impregilo (corresponding to approximately 15.0 per cent. of Impregilo's ordinary share capital) to Salini, which, following further purchases, increased its equity interest in Impregilo to approximately 29.8 per cent. as of 31 December 2012. Moreover, in April 2012, Salini announced its plan to promote the creation of a "national champion" (Campione Nazionale™), outlining the ultimate goal of integrating Salini's and Impregilo's businesses.

In July 2012, at a shareholder' meeting of Impregilo convened by Salini and as a result of a proxy solicitation targeting its minority shareholders, Salini obtained approval from Impregilo's shareholders to replace Impregilo's Board of Directors with new directors. Consequently, as of 17 July 2012, 14 of the 15 members of Impregilo's Board of Directors were designated by Salini, with the 15th member being designated by the minority shareholders.

In February 2013, Salini launched a voluntary public tender offer for all the outstanding ordinary shares of Impregilo (the "**Tender Offer**") at an offer price of €4.00 per share (the Tender Offer did not cover Impregilo's savings shares). Salini closed the Tender Offer in May 2013, purchasing approximately 62.2 per cent. of Impregilo's ordinary shares (in addition to the initial stake) for an aggregate purchase price in the Tender Offer of approximately €1,002 million. As a result of the Tender Offer, and in light of the initial stake it previously held, Salini came to own approximately 92.1 per cent. of Impregilo's ordinary share capital. This equity interest was subsequently reduced to 88.8 per cent. in order to restore the mandatory 10.0 per cent. free float of Impregilo's ordinary shares on the Italian Stock Exchange. As a result of the Tender Offer, Impregilo became subject to the direction and co-ordination of Salini pursuant to Articles 2497 *et seq.* of the Italian Civil Code. The Tender Offer was financed through a €1,410 million facility agreement.

Salini was finally subject to a reverse-merger into Impregilo (in order to maintain the listing of Impregilo's shares on the Italian Stock Exchange) and Impregilo (as the surviving entity) changed its name to "Salini Impregilo S.p.A." (i.e. the current Issuer). Salini Costruttori, in its capacity as the sole shareholder of Salini, received 6.45 shares of Impregilo for each Salini share it held. The deed of merger was executed on 26 November 2013 and the merger became effective on 1 January 2014.

Disposal Plan of non-core assets

In July 2012, through its control of the board of directors of Impregilo, Salini started to implement its strategy, which was later formulated as the "Disposal Plan" in 2013, to focus on core construction operations and the divestment of non-core assets. Between 2012 and 2014, the Issuer implemented the divestment of certain non-core assets (namely Impregilo's 29 per cent. stake in its Brazilian concession, EcoRodovias Infraestrutura e Logística S.A., 50.0 per cent. stake in Shanghai Pucheng Thermal Power Energy concession and Salini Impregilo's 100 per cent. stake in its German waste-to-energy concessionaire, Fisia Babcock Environment GmbH).

Consistent with its strategy to focus on large infrastructure constructions, in April 2016, the Group completed the sale of the wholly-owned subsidiary Todini Costruzioni Generali S.p.A. (see "*- Divestment of Todini Costruzioni Generali and related re-organisation*" below).

Equity offer to broaden the Issuer's float

In June 2014, Salini Impregilo and Salini Costruttori launched a bookbuilding process to offer ordinary shares for sale to institutional investors in Italy and abroad with the purpose of broadening the Issuer's float on the Italian Stock Exchange, improving liquidity and providing additional strength to its capital structure. The overall offering amounted to 142,790,000 ordinary shares in Salini Impregilo, of which 44,740,000 newly-issued Salini Impregilo ordinary shares and 98,050,000 existing Salini Impregilo ordinary shares were held by

Salini Costruttori. Following the equity offer, the Issuer's ordinary share capital was held 38.11 per cent. by the market and 61.89 per cent. by Salini Costruttori.

Board of Directors' powers to increase the Issuer's share capital

On 30 April 2015, the shareholders of Salini Impregilo delegated to the Board of Directors the power to increase the Issuer's share capital, in one or more tranches.

In more detail, the abovementioned extraordinary shareholders' meeting resolved to delegate to the Board of Directors the following powers:

- (i) pursuant to Articles 2441, paragraph 4, second sentence, and 2443 of the Italian Civil Code, to increase the share capital, in one or more tranches by 29 April 2020, with exclusion of the pre-emptive rights of the Issuer's existing shareholders, by means of the issuance of ordinary shares and/or savings shares up to 10 per cent. of the total amount of Salini Impregilo's shares as of the exercise date by the Board of Directors, and in any event up to a maximum nominal amount of €100,000,000, with the power to determine a premium;
- (ii) pursuant to Article 2443 of the Italian Civil Code, to increase the share capital, in one or more tranches, against consideration or gratuitously, by 29 April 2020, up to a maximum nominal amount of €200,000,000, with the power to determine a premium, by means of the issuance of ordinary shares and/or savings shares, also cum warrant and/or associated with other financial securities to be offered for subscription to the Issuer's existing shareholders, or with exclusion or limitation of the pre-emptive rights of the Issuer's existing shareholders, pursuant to Article 2441, paragraphs 4, first sentence, and 5 of the Italian Civil Code; furthermore, pursuant to Article 2420-ter of the Italian Civil Code, to issue debt instruments convertible into shares, also cum warrant and/or associated with other financial securities, that would entitle the relevant holder to receive ordinary shares and/or savings shares and/or bonds, also convertible, of the Issuer, at the Board of Directors' discretion, in one or more tranches, by 29 April 2020 and up to a maximum nominal amount of €400,000,000, to be offered for subscription to existing shareholders or also with exclusion of pre-emptive rights of the Issuer's existing shareholders, as the Board of Directors may decide; and
- (iii) pursuant to Article 2443 of the Italian Civil Code, to increase the share capital, in one or more tranches, by 29 April 2020, up to a maximum nominal amount of €30,000,000, to serve stock options or other incentive plans based on securities under Article 114-bis of the Italian Consolidated Financial Act, either against payment or gratuitously.

The shareholders' resolutions also set out the criteria and requirements to be followed by the Board of Directors in exercising the abovementioned powers granted to it by the extraordinary shareholders meeting, also in relation to price determination.

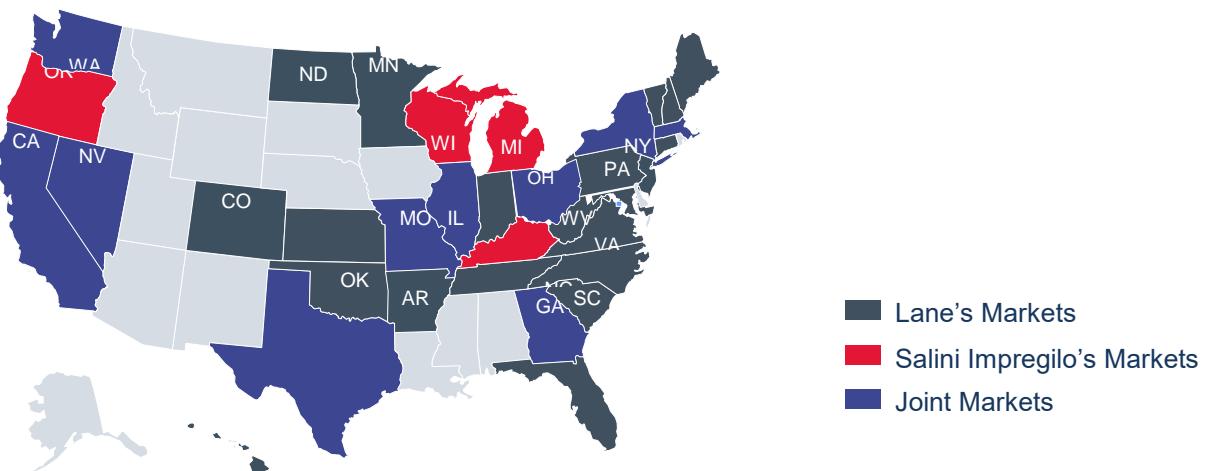
The shareholders resolved to delegate the abovementioned powers to the Board of Directors in consideration of the ongoing and in-depth changes of the Salini Impregilo Group, aimed at creating and enhancing a leading Group able to compete at the worldwide level in the global sector of major civil works and be ranked among the top international operators. In this scenario, the resolutions are aimed at granting the Board of Directors the greater operational flexibility necessary to act on opportunities that may arise in the market, supporting the growth strategy designed to create ever increasing value for its shareholders. Furthermore, the resolution under point (iii) above is aimed at allowing the Issuer to implement the Salini Impregilo "*Performance Shares Plan 2015-2017*" (i.e. the incentive plan in favour of certain employees and directors entrusted with specific tasks of the Issuer and its subsidiaries), which was approved by shareholders on the same date of 30 April 2015.

Acquisition of Lane Industries

On 4 January 2016, the Group completed the acquisition of Lane Industries Inc. ("Lane"), a private company incorporated under the laws of the United States of America, with its registered offices in Cheshire, Connecticut. In particular, the Issuer acquired 100 per cent. of Lane's share capital through its wholly-owned American subsidiary, Salini Impregilo US Holding Inc.. The transfer of the share capital was formally approved by Lane's shareholders at a meeting held on 10 December 2015. Lane, in turn, is the parent company of three operating companies, namely The Lane Construction Corporation, Lane Infrastructure, Inc. and Lane Worldwide Infrastructure, Inc.

The transaction was worth approximately USD460 million and was financed mainly through a €400 million bridge loan granted by five primary banks, which was subsequently refinanced through a long-term corporate loan and a bond, whilst the remaining portion was paid using the Group's available cash and existing facilities.

The Lane acquisition was implemented by the Salini Impregilo Group with the aim of expanding business in the U.S.A. infrastructures market and with a view to enabling the Group to create a local commercial platform from which it will seek to ultimately access a larger pool of projects.



The activities in the U.S. relating to the Lane acquisition contributed to approximately 25 per cent. of the Group's Adjusted Revenues as of 30 June 2017.

Lane profile

Founded in 1890 and incorporated in 1902, Lane is an American construction company, specialising in heavy civil construction services and products in the transportation, infrastructure and energy industries.

Lane has a long-standing tradition. In the 1940s, the company expanded into military bases to support the war effort. In the 1950s and 1960s, the company helped make the Interstate Highway System a reality, building some of the nation's most well-known superhighways. Throughout the 1960s, 1970s and 1980s, Lane expanded its heavy civil capabilities and added many new clients, both public and private, to its portfolio. In the early 1990s, the company first began work on privately built toll roads, and in the 2000s, it became a leader in public-private partnerships ("P3s") and innovative financing solutions.

Lane ranks as the No. 8 on ENR's list of top 20 transportation contractors (*Source: Engineering New Record, June 2016*).

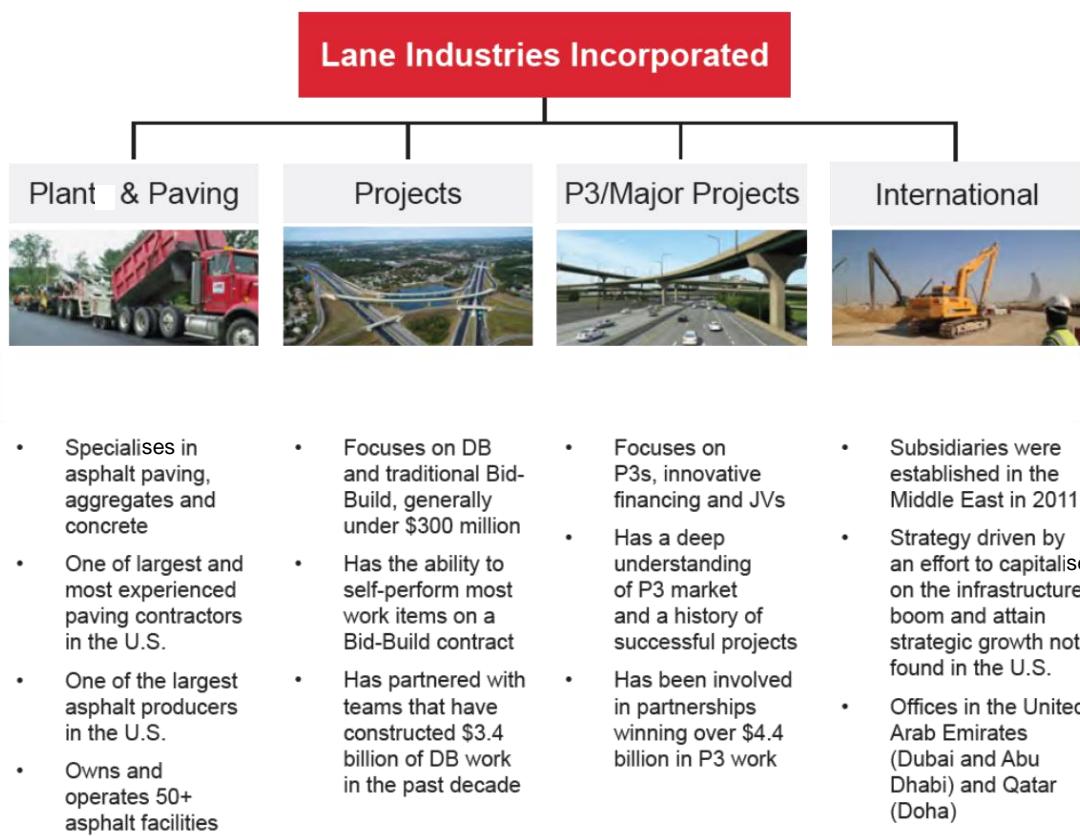
Lane has a wide combination of capabilities, including: P3s, innovative financing and joint ventures, large, complex design-build and bid-build projects, as well as the ability to produce and install asphalt, aggregates and concrete. Lane Worldwide Infrastructure, Inc. manages Lane's international operations, developing transportation and infrastructure projects in the Middle East.

Lane owns and operates over 50 hot mix asphalt ("HMA") facilities along the eastern seaboard and as far west as Texas, in addition to several mining operations, including quarries in the north-east of America.

As at 30 June 2017, Lane had approximately 6,300 employees, with customers and partners on diverse projects, including highways, bridges, racetracks, locks, dams, mass transit, airport systems, shale oil & gas infrastructure and the development of power plants in over 20 states in America.

As at 30 June 2017, Lane had a turnover of approximately USD840 million and more than 50 ongoing projects in more than 30 states in U.S.A.

In particular, Lane's business is divided into the following four principal sectors: (i) Plant & Paving; (ii) Projects; (iii) P3/Major Projects and (iv) International segment.



(i) Plant & Paving segment

As illustrated above, Lane owns and operates over 50 HMA facilities and sells its mix mostly to external clients (about 90-95 per cent. of its production), split in turn with approximately 70 per cent. of materials put in place by Lane paving crews and 30 per cent. sold directly to external customers. The remaining 5-10 per cent. is sold to the Projects segment.

A selection of Plant & Paving segment projects includes:

- I-64 and I-264 Pavement rehabilitation: rehabilitation of 10.2 miles of Interstates 64 and 264 in Norfolk, VA. I-64 is one of the more congested highways in the Norfolk/Virginia Beach area.
- The reconstruction of Daytona International Speedway (a 40-foot wide, two point five-mile long tri-oval track): removing all of the existing asphalt down to the original lime rock base and reconstructing the track to its original geometry. Lane completed repaving Daytona three weeks ahead of the contractual deadline.
- Construction of the new fourth runway at Dulles Airport: consisted of combining earthwork and paving packages, included site preparation, grading and drainage, and concrete paving necessary to add a new 10,200-foot-long, 22-inch-thick concrete runway and parallel taxiway to Dulles' existing facilities. Lane had to meet strict Federal Aviation Administration (FAA) guidelines, as it removed more than 2.3 million cubic yards (CY) of earth and rock and placed embankment in preparation for construction of Runway 1L/19R and its parallel taxiway and de-icing pad. The project has been completed in eight months.
- Ft. Worth Alliance Airport runway extension project: the project is aimed at extending two existing runways and associated taxiways at the Ft. Worth Alliance Airport (AFW), the world's first 100 per cent. industrial airport designed for cargo and corporate aviation. The expansion will allow for bigger planes from global cargo carriers to take off and land at the airport. The two existing runways will be extended to 11,000 feet. The works will consist in demolition work, earthwork, completion of one runway and airfield electrical infrastructure, extension of the second runway and the taxiway, relocation of roads and installation of navigational aids.
- Oceana NAS Runway & Lighting Repairs: repair of runway and associated electrical airfield lighting, as well as new, four-foot-wide taxiway shoulders.

(ii) Projects segment

With a focus on design-build and traditional bid-build projects, the Project Segment performs diverse projects, including highways, bridges, racetracks, locks, dams, mass transit, airport systems, shale oil and gas infrastructure and the development of power plants in over 20 states in America.

A selection of Projects segment projects includes:

- Dulles Automated People Mover: AeroTrain, Dulles International Airport's new two-mile-long, dual-line underground train system, to move people efficiently from the main terminal to the midfield concourses. As a subcontractor on the construction of AeroTrain's main station, Lane completed excavation, support of excavation, structural concrete, bush-hammered architectural concrete, aesthetic finishes and site infrastructure work.
- I-85 Widening: the project includes the widening of approximately seven miles of I-85 from four to eight lanes from south of Bruton Smith Boulevard/Concord Mills Boulevard to north of NC 73 and improvements to roads around the interchange. It recently won the following awards: National Asphalt Pavement Association "Asphalt Operations Safety Innovations" Award, in 2013; American Road & Transportation Builders Association "TransOvation" Award,

in 2012 and American Road & Transportation Builders Association “Roadway Work Zone Safety Awareness” Award, in 2012.

- The IH-35E Managed Lanes: the project is 28 miles long, consisting of the installation of reversible managed lanes and interim/ultimate work to the current main lanes and intersections. The project is the first of many that fit into Texas Department of Transportation’s ultimate vision for IH-35E, which is currently estimated at \$4.5 billion.
- The nine-mile toll road extension of State Highway 360 from south of I-20 to US 287 in Tarrant County, TX. Lane is leading a construction joint venture with JD Abrams (Lane-Abrams) to build the project. The goal of the project is to develop, procure, initially finance, construct and maintain the toll lanes and frontage roads of this portion of SH-360 for five years. An option to continue the maintenance for two additional five-year terms is available. Once built, the North Texas Tollway Authority will operate the tolled main lanes.

(iii) P3/Major Projects segment

This segment is focused on P3s, innovative financings and joint ventures. Budgetary pressure at the state and local government level in America have led to a shift toward P3s. The United States is expected to be one of the largest P3 markets in the world within 10 years (Source: www.financierworldwide.com). Additionally, Lane’s Plant & Paving segment brings added expertise and knowledge of paving to a project that allows the partnership to price bids more competitively.

A selection of P3/Major Projects segment projects includes:

- I-95 Express Lanes project: construction of approximately 29 miles of Express Lanes on I-95 from Alexandria to Stafford. The project consists of an extensive ITS (Intelligent Technology System) and signing system, sound walls, asphalt mill and overlay, shoulder construction, structural bridge work; and an eight point three-mile roadway extension that will consist of major clearing, earthwork, and bridge flyovers. The project was developed in partnership with Fluor.
- I-495 Express Lanes project: construction of two new lanes in each direction on a 14-mile stretch of I-495 from the Springfield Interchange to just north of the Dulles Toll Road. The project involved the replacement of 58 bridges and overpasses. Upgrades were made to 11 major interchanges and a major ATMS (Advanced Traffic Management System) and construction of more than 13 miles of new sound walls.
- I-4 Ultimate Improvement Project: Lane is a member of the lead contractor joint venture of I-4 Mobility Partners, called SGL Constructors, along with Skanska and Granite. The project includes the reconstruction of 21 miles of I-4 from west of Kirkman Road in Orange County to east of SR 434 in Seminole County, including the addition of four tolled express lanes to I-4 while maintaining the existing free general use lanes. The express lanes will be operated with variable tolls, which will be adjusted to improve traffic flow throughout the corridor.
- Purple Line transit system: In March 2016, the Purple Line Transit Partners consortium (in which Lane owns a 30 per cent. interest) was selected to design and build the Purple Line transit system, a project that will have 21 stations along a 16-mile route that extends from Bethesda to New Carrollton and crosses the Counties of Montgomery and Prince George’s in Maryland.

(iv) International segment

In 2010, Lane expanded its United States-based operations into the Middle East.

Both Qatar and the United Arab Emirates (UAE) represent significant growth opportunities for Lane. Qatar is expected to have a very strong infrastructure programme for the next eight years as the country prepares for the 2022 World Cup. The UAE was recently awarded the 2020 Expo and is preparing major infrastructure expenditures to accommodate the event.

Drawing on its experience in the United States, Lane operates in this segment through its subsidiary, Lane Worldwide Infrastructure, Inc.

A selection of International segment projects includes:

- Sharjah International Airport New Runway Project: the project involves the construction of a new 4,000-metre Code E, CAT II runway located at a separation of 250 metres to the north of the existing runway at Sharjah International Airport in the United Arab Emirates. The project also involves nine link taxiways and two rapid exit taxiways, as well as the conversion of the existing runway to a parallel taxiway.
- South Airfield Rehabilitation at Abu Dhabi International Airport Project: the scope of works for this tender of the South Airfield Development and Rehabilitation (Package 1) consists mainly in the complete rehabilitation of the existing 45-metre-wide south runway 13R-31L and new taxiways in between threshold 13R and the existing cross taxiways G and H, and widening the existing runway to 60 metres wide to meet new Code standards. The project includes a complete new Airfield Ground Lighting (AGL) system, which will be connected to the existing AGL infrastructure and substations. The new complete AGL system will also be included for the new taxiways; all part of the new Low Visibility routing from the north runway 13L-31R to the airside infrastructure (taxiways and parking aprons) in the South.
- Roads & Infrastructure in Wakrah West MMUP Ph 2, Pkg 14 (Package 1) Doha, Qatar Project: this Package 1 internal network will provide infrastructure, roads, drainage and utilities for approximately 815 residential and public use plots covering approximately 180 hectares, with an internal and perimeter highway network of roads in varying corridor widths ranging from 16 metres to 40 metres. The proposed road network will contain traffic calming measures, roundabouts and traffic signal-controlled junctions, together with a number of simple priority junctions, including right-in/right-out junctions. The Package 1 external trunk main will include a foul sewage trunk main to replace the current use of septic tanks that will be connected to the existing trunk main collector system in Wakrah.

Divestment of Todini Costruzioni Generali and related re-organisation

In line with the Group's strategy to focus on construction activities, in particular on large-scale, complex infrastructure projects requiring superior technical, engineering and managerial expertise, with an aim to achieve an increasingly efficient allocation of resources, also through a continuous focus on possible rearrangements of its organisational structure (see "*Business strategy*" below), in late 2013, the Issuer (formerly Salini, see "*History and development*" above) decided to dispose of its investment in Todini Costruzioni Generali S.p.A. ("**Todini**"), and, in accordance with IFRS 5, to recognise Todini under the item "*non-current assets intended for sale and discontinued operations*". This decision was afterwards confirmed by the Issuer's Board of Directors after the merger between Salini and Impregilo, in 2014.

After having received some expressions of interest by potential purchasers in relation to Todini's operating activities both in Italy and abroad, the Issuer resolved to start a re-organisation process involving the sub-

group formed by Todini and its subsidiaries consistent with the expressions of interest received. Upon completion of the abovementioned organisational process:

- effective from 1 July 2015, certain of Todini's interests in non-operating subsidiaries and affiliates and the related credits and debts were sold to Imprepar Impregilo Partecipazioni S.p.A. (a company wholly-owned by the Issuer);
- in January 2016, the Group entered into a sale and purchase agreement with Prime System Kz Ltd. ("Prime"), a company incorporated under the laws of Kazakhstan; the scope of the agreement was to set out the terms and conditions of the sale of Todini to Prime;
- effective from 14 March 2016, consistent with the agreement entered into with Prime, Todini contributed to HCE Costruzioni S.p.A., a newly incorporated company whose share capital was fully owned by Todini, the following assets and contracts: (a) Todini's operating contracts relating to projects in Italy (i.e. the "Metrocampagna" contracts (Naples Alifana and Secondigliano), the "Variante di Valico" and "Naples Sarno River" contracts, the plant and machinery situated at the Lungavilla Depot, the Cagliari Capo Boi, Rome - Fiumicino, Milan - Lecco, Corso Del Popolo and Piscine dello Stadio contracts, as well as other minor projects that are close to completion); and (b) Todini's branches located in Albania, Argentina, Romania, Tunisia, Algeria, Greece, Dubai, Ukraine and Poland;
- on 22 March 2016, the entire share capital of HCE Costruzioni S.p.A. was sold by Todini to the Issuer;
- on 4 April 2016, the Group announced the sale of 100 per cent. of Todini to Prime for a consideration of approximately €51 million, including the company's assets and liabilities relating to the projects and operating branches in Georgia, Azerbaijan, Belarus and Kazakhstan, the interests in the subsidiaries that were involved in the projects concerned (i.e. Todini Takenaka JV and Todini Central Asia) and other operational activities belonging to the Group or in leasing regime.

RECENT DEVELOPMENTS

New orders as of the end of July 2017, comprising variation orders, totalled around €4.1 billion. The main new orders include:

Project	Country	Consolidation Value (€/M)
Napoli – Bari HSR	Italy	238
Al Faisaliah Redevelopment Project	Saudi Arabia	172
Meydan One Mall	Dubai, EAU	402
Eni's Headquarters in Milan	Italy	103
variation orders		951
other minors		173
Subtotal Salini Impregilo		2,039
Northeast Boundary Tunnel	USA	502

I-395 Express Lanes project	USA	295
Three Rivers Protection	USA	164
Florida Turnpike project	USA	155
I 70 Reconstruction	USA	103
Unionport Bridge	USA	91
Al Maktoum Airport Expansion	Dubai, EAU	109
Other minor projects	USA	239
Plants & Pavings	USA	258
Subtotal Lane		1,916
Shoaiba Desalination Plant	Saudi Arabia	120
Total Salini Impregilo Group		4,075

On 7 July 2017, Salini Impregilo and Lane Construction Corporation were awarded a contract to construct the Northeast Boundary Tunnel (NEBT) in Washington D.C. from the District of Columbia Water and Sewer Authority (DC Water). The NEBT is the biggest component of DC Water's Clean Rivers Project. The project will also include the construction of ventilation control facilities, storm water inlets and green infrastructure. Once it is connected to the other Clean Rivers Project tunnels, the NEBT is expected to help to reduce combined sewer overflows to the Anacostia River by 98 per cent. and to limit the risk of flooding in the areas it serves from about 50 per cent. to 7 per cent. in any given year.

On 12 July 2017, Lane Construction Corporation was awarded a contract to replace the Unionport Bridge in Bronx County in New York. The contract, the first awarded to Lane in the New York City area, comprises the replacement of the moveable "bascule" bridge that allows the Bruckner Expressway to cross Westchester Creek. The new bridge will be constructed in 10 stages. Lane will perform the contract as a joint venture with Schiavone Construction Company.

On 14 July 2017, Impregilo International Infrastructures N.V. completed its sale of Impregilo Parking Glasgow Ltd and Impregilo Wolverhampton Ltd to the English company Semperian (Glasgow) Limited for roughly €12 million. The transaction entailed the sale of shares and settlement of other items. Its effects will be seen in the second half of 2017.

BUSINESS OVERVIEW

The Issuer is the parent company of the Salini Impregilo Group. The Group is a global player in heavy civil engineering and construction, specialising in large scale complex infrastructure projects throughout the world. Its customers primarily consist of public sector entities, though the Group also works with private companies such as grid operators and holders of concessions. The Group is headquartered in Italy but can count on a broad and geographically diverse presence with operations in Europe, the Americas, Africa, Asia, Australia and the Middle East. Salini Impregilo is the leading global construction company in the water sector by revenue and has been included in the Top Ten in the transportation and in the sewer/waste sectors in terms of revenues (*Source: ENR Report, Top 250 International Contractors, August 21/28, 2017*).

Projects in the sector in which the Group operates are characterised by scale, complexities in construction and execution and/or working conditions that require high technical and engineering skills and qualifications and a strong track record. Examples of important ongoing projects, carried out individually by the Group or in partnership with other primary international contractors, include the Grand Ethiopian Renaissance in Ethiopia, Africa's largest hydroelectric dam; the "Red Line North" underground and the "Al Bayt" stadium in Doha, Qatar; the underground network in Riyadh, Saudi Arabia; the "Sydney Metro Northwest", the most significant public transportation project in Sydney since construction of the Harbour Bridge nearly 100 years ago; the Italian high speed railway line from Genoa to Milan; the Anacostia River Tunnel (Washington DC) and the Dugway Tunnel (Ohio) for the collection and transportation of wastewater and rain water in the cities of Washington and Cleveland, United States; and the Metro Lima 2 underground in Lima, Peru.

For the year ended 31 December 2016, the Salini Impregilo Group recorded Adjusted Revenues of €6.1 billion, with an Adjusted EBITDA of €577.2 million, a Net Financial Position of €-350.8 million and a construction order backlog of approximately €29 billion.

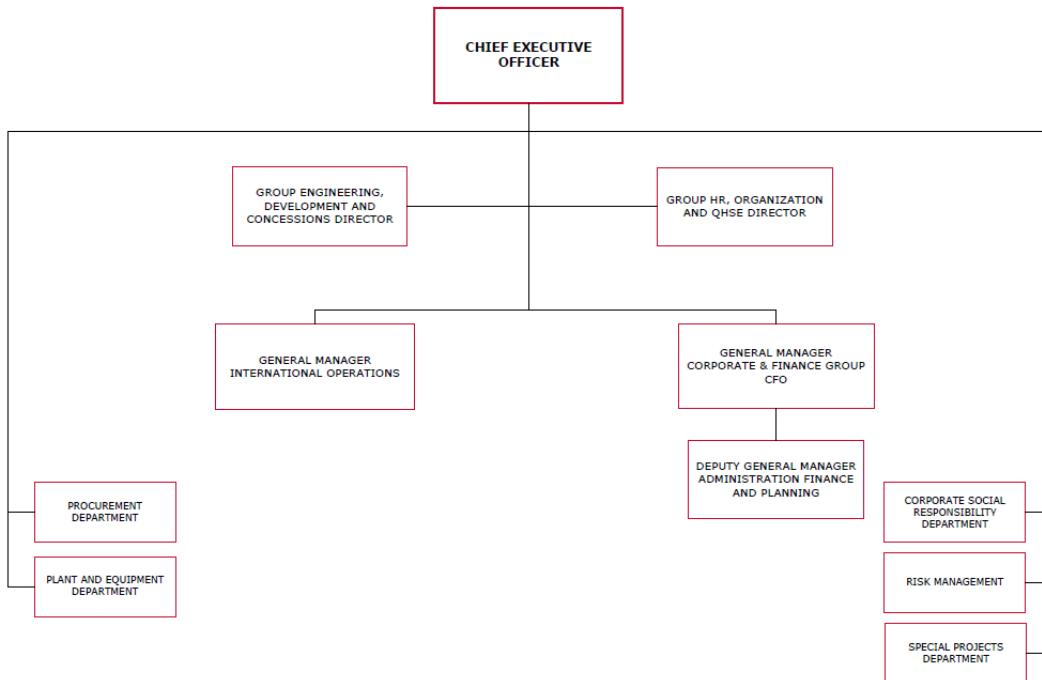
As of 30 June 2017, the Group's Adjusted Revenues were €3.1 billion and the construction backlog stood at approximately €28 billion, with an Adjusted EBITDA of €284.1 million and a Net Financial Position of €-784.8 million. As at 30 June 2017, employees of the Group totalled approximately 35,000.

As of the date of this Prospectus, the Group has approximately 35,000 employees (approximately 33,000 as of 30 June 2016) and has operations, or has carried out projects, in more than 50 countries worldwide.

The business model of the Group can be summarised as follows:

- it operates as a leading general contractor for large and complex international construction projects that are characterised by scale, complexities in construction and execution and/or working conditions that require technical and engineering skills and qualifications and a track record that few companies are able to develop and maintain;
- it has a broad and diverse geography footprint with a global presence in five continents (Europe, Africa, Asia, America and Australia) and more than 50 countries;
- it possesses project management, design, engineering and procurement know-how;
- it works on a backlog of projects primarily comprising long-term, multi-year contracts that provide a high level of visibility of its expected, possible revenues over the medium and long term;
- it undertakes accurate selection of projects through comprehensive assessment of risks;
- it operates technical and financial partnerships to develop large-scale projects all over the world;
- it has client diversification and use of a broad range of financing sources, including multilateral financing banks;
- it has strong strategic values and a management team committed to value creation; and
- it seeks to implement solid governance with clear strategic priorities.

In respect of the organisational structure, the following chart of the Salini Impregilo Group illustrates how the Issuer's operational areas are divided between Italy and its international business.



Salini Impregilo's administrative functions are organised around its commercial activities related to bidding for new projects and executing the projects that the Group has been awarded. Operating activities are divided into sub-areas that co-ordinate and support the bidding for, and execution of, individual projects. International operations are further divided into 14 geographical areas, which are grouped under four regional co-ordinators. The Group centrally monitors the costs and progress of each project.

PRINCIPAL ACTIVITIES

The Group operates worldwide, constructing major projects in their entirety, such as hydroelectric plants, dams, roads, motorways, bridges, underground railways, airports, civil and industrial buildings, using the latest construction and engineering techniques.

Segmentation

The Salini Impregilo Group's activities are divided between Italian activities, international activities and Lane activities.

The international and Lane operations represent the vast majority of the Salini Impregilo Group's business. As of 30 June 2017, approximately 93 per cent. (approximately 91 per cent. as at 31 December 2016) of the Group's Adjusted Revenues were derived from its international operations. As at 30 June 2017, the Group operated in more than 50 countries on five continents, in line with the Financial Year ended 31 December 2016. The Issuer intends to increase the Group's focus on projects where it may operate with a controlling interest or, alternatively, assume the role of project leader, with the aim of having increased control over costs and efficiencies. However, the size, technical requirements and bidding considerations of the Group's large-scale complex infrastructure projects lead the Group to form partnerships, and therefore often operate through joint ventures or consortia.

Principal activities

For illustration purposes only, the Salini Impregilo Group's business may be divided in (A) "*Construction Activities*" and (B) "*Other Activities*", it being understood that the classification of projects may vary and is

subject to management's discretion and estimates in relation to different scenarios and that divisions by types of business activities are not relevant for accounting purposes, where the only segmentation used is on a geographical basis.

The Group's business described hereby under "Other Activities" comprises the construction of plants, concessions and other non-construction activities.

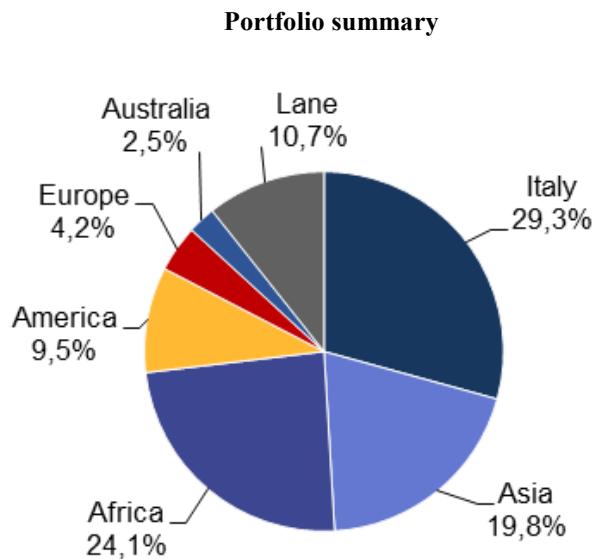
(A) Construction Activities

The Salini Impregilo Group's core business is focused on heavy civil engineering and construction, using advanced construction and engineering techniques. In particular, the Group is specialised in large scale, complex infrastructure projects, such as hydroelectric plants, dams, hydraulic tunnels, highways, bridges, high-speed and underground railways, airports and civil and industrial buildings, including the construction of infrastructure which the Group then operates under concession (the operation of such concessions is included under Other Activities).

The following table sets forth the Salini Impregilo Group's construction backlog (see "*Backlog*") by segments as at 30 June 2017:

Segment	Residual portfolio as at 30 June 2017		Residual portfolio as at 31 December 2016	
	(Eur million)	% of the total	(Eur million)	% of the total
Italian activities	8,292	29.3%	8,672	29.5%
Asia	5,622	19.8%	5,883	20.0%
Africa	6,819	24.1%	7,047	23.9%
America	2,688	9.5%	3,032	10.3%
Europe	1,189	4.2%	1,465	5.0%
Australia	714	2.5%	832	2.8%
Total international activities	17,032	60.1%	18,260	62.0%
Lane activities	3,022	10.7%	2,513	8.5%
Total	28,345	100.0%	29,445	100.0%

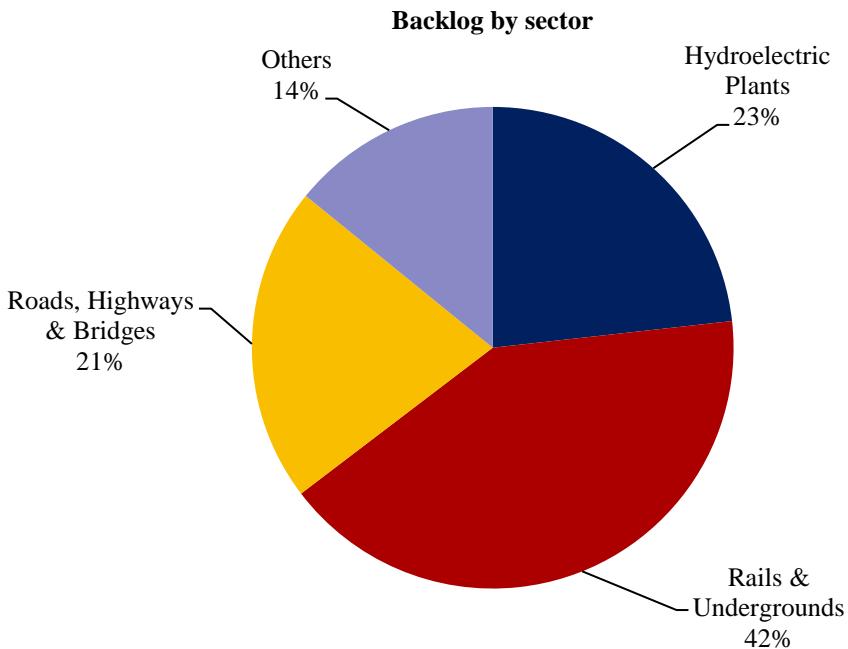
The chart below illustrates the construction backlog (see “- Backlog”) of the Group worldwide as at 30 June 2017:



For illustration purposes only, the “Construction Activities” carried out by the Group can be divided into:

- (a) Hydroelectric Plants, Dams & Hydraulic Works;
- (b) Rails & Undergrounds;
- (c) Roads, Highways & Bridges; and
- (d) Other Projects (including airports, civil and industrial construction).

For illustration purpose, as at 30 June 2017 the backlog by the above mentioned sectors is as follow:



These categories are used to explain the business more clearly, however, as indicated above, for the purposes of the Issuer's financial statements, also on a consolidated basis, the reference segmentation is divided between "Italy" segment, "International" segment and "Lane" segment.

Below is a description of each "Construction Activity" carried out by the Group, along with a description of the principal ongoing projects for any such "Construction Activity" as at 30 June 2017.

(a) Hydroelectric Plants, Dams & Hydraulic Works

Among the large-scale infrastructure projects carried out by the Salini Impregilo Group, the design and construction of hydroelectric plants, dams, canals, aqueducts, and underground sewer and wastewater networks plays a prominent role. As indicated above, the Group is the leading operator in the sector of "turnkey" hydroelectric projects where in 2017 it ranks as the world's largest contractor in the water construction sector in terms of revenues and has been included in the Top Ten in the sewer/waste sector in terms of revenues (Source: *ENR Report, Top 250 International Contractors, August 21/28, 2017*).

The Group is advanced in modern technologies and relies on many years of experience to tackle geological or technical difficulties as well as any political, environmental and financial issues. In this respect, the Group has built many types of dams from concrete, compact concrete, earth and rocks and has successfully delivered complex hydropower plants on turnkey solutions, thus undertaking and developing design solutions aimed at being compliant and integrated with all other aspects of the construction.

Examples of significant projects for the Group that have been recently completed include the Karahnjukar hydroelectric project in Iceland, the Gilgel Gibe I and II dams and the Gibe III (an extension of the greater complex that includes Gibe I and Gibe II) in Ethiopia, the Ponte de Pedra hydroelectric plant in Brazil and Mazar hydroelectric plant in Ecuador.

In December 2015 the Group completed the construction of a new intake pipeline to draw water from Lake Mead, one of the largest man-made lakes in the United States, in order to increase the supply of water for drinking and household use in the Las Vegas metropolitan area. The Lake Mead tunnel constructed by the Group received international recognition, including a nomination as the "*Project of the year*" by the International Tunnelling Association (Switzerland) (Source: <https://awards.ita-aites.org/2015/shortlist.html>),

the “Project of the year” prize promoted by the New Civil Engineer (NCE), a prestigious organisation of the British Tunnelling Society (*Source: <https://tunnellingawards.nce.co.uk/2015-winners>*). Moreover, it is included in a list of six projects which compete for recognition of engineering excellence by the American Society of Civil Engineers - ASCE (*Source: <http://www.asce.org/oceakit/>*).

In June 2016, the Group completed the construction of the third set of locks for the expansion of the Panama Canal, a project awarded by Grupo Unidos Por el Canal S.A. (a Project Company in which the Issuer owns a 38.4 per cent. interest) which was part of a larger project to widen the Panama Canal, allowing an increase in the volume of commercial traffic and the size of ships passing through the canal (see also *“Litigation and arbitration proceedings - Panama Canal Project litigation”*) and this large-scale infrastructure project was officially opened on 26 June 2016. Since then, Panama Canal has registered the transit of more than 2,000 ships, a greater number than had been anticipated after a little more than a year in operation. According to official data provided by the Panama Canal Authority as of August 15, the new canal has served 946 container ships, or 47.2 per cent. of the total, 544 oil tankers, or 27.2 per cent. of the total, and 158 gas tankers, or 7.9 per cent. of the total. On 1 July 2016, the Issuer signed a framework agreement worth USD3.9 billion to build a hydroelectric project in Tajikistan. The Group has also been assigned the first lot of the work worth USD1.95 billion. The project consists in the building of a 335-metre-high rockfill dam with a clay core, the tallest in the world, on the Vakhsh River. The dam will be located in Pamir, one of Central Asia’s main mountain ranges. The agreement between the Issuer and OJSC “Rogun Hydropower Project” (the state-run company that is co-ordinating the project) relates to the exploitation of the hydroelectric potential in Pamir and includes four lots. Once completed, the plant will have six turbines of 600 MW each with a total installed capacity of 3,600 MW. The relevant works started in November 2016. Rogun is expected to double the country’s production capacity and become one of the biggest hydroelectric dams in the region, with the aim of boosting development of Tajikistan and the region. The Issuer is the EPC (Engineering, Procurement and Construction) contractor of the project.

Furthermore, in July 2016, the Issuer was awarded the construction of a new hydroelectric plant in the Koysha area, Ethiopia. The new project will have an installed capacity of 2,200 MW. The client is the Ethiopian Electric Power (EEP). The project includes a 170-metre high rolled compacted concrete (RCC) dam; the reservoir volume is 6000 million cubic metres. The hydroelectric plant is expected to produce 6,460 GWh annually.

In April 2017, the Issuer and Lane Construction Corporation (Salini Impregilo Group), through its wholly owned subsidiary S.A. Healy Company, were awarded a design-bid-build contract in the U.S. state of Indiana. The Three Rivers Protection & Overflow Reduction Tunnel (3RPORT) is a combined sewer overflow (CSO) tunnel project located in Fort Wayne, Indiana. It includes a deep rock tunnel, drop shafts and consolidation sewers to collect and convey CSO from eight locations along the St. Mary and Maumee Rivers. Once completed, the CSO tunnel system is expected to reduce 90 per cent. of combined sewage overflows into the rivers, which occur during large rain storms.

Furthermore, in July 2017, the Issuer and The Lane Construction Corporation were awarded a contract to build the Northeast Boundary Tunnel (NEBT) project in Washington, D.C. The NEBT will be a large, deep sewer tunnel that is expected to increase the capacity of the District’s sewer system, mitigate the frequency, magnitude and duration of sewer flooding and improve the water quality of the Anacostia River. As joint-venture partners, the Issuer and Lane’s wholly owned subsidiary S.A. Healy company were awarded the contract from the District of Columbia Water and Sewer Authority (DC Water). The NEBT is the biggest component of DC Water’s Clean Rivers Project. The NEBT project will also include the construction of ventilation control facilities, storm water inlets, and green infrastructure. Once it is connected to the other Clean Rivers Project tunnels, the NEBT is expected to help reduce combined sewer overflows to the

Anacostia River by 98 per cent. and limit the risk of flooding in the areas it serves from about 50 per cent. to 7 per cent. in any given year.

Below are brief descriptions of the principal ongoing Hydroelectric Plants, Dams & Hydraulic Works projects as at 30 June 2017. The completion percentage is determined using the “cost to cost” method, whereby the percentage of completion (the ratio between costs incurred and total estimated costs) is applied to the total estimated revenue.

Grand Ethiopian Renaissance Dam (GERD)

Country	Ethiopia
Project Description	The GERD will be the largest dam in Africa (1,800 metres long, 170 metres high and with an overall volume of 10 million cubic meters), along with two plants located on the banks of the Blue Nile, equipped with a total of 16 turbines each with installed capacity of 375 MW.
Customer	Ethiopian Electric Power Corporation (EEPCo)
Completion Percentage	68.1%
Backlog	€1,243 million

Rogun Hydropower Project

Country	Tajikistan
Project Description	The project consists of the construction of a 335-metre high clay core rockfill dam on the Vakhsh River. Once completed, the plant is expected to have six turbines of 600 MW each with a total installed capacity of 3,600 MW (the equivalent of three nuclear power plants).
Customer	OJSC “Rogun HPP” Open Joint-Stock Company
Completion Percentage	6.1%
Backlog	€1,790 million

Koysha

Country	Ethiopia
Project Description	The project includes a 170-metre high rolled compacted concrete (RCC) dam; the reservoir volume is 6000 million cubic metres. The hydroelectric plant is expected to have an installed capacity of 2,160 MW and produce 6,460 GWh.

Customer	Ethiopian Electric Power Corporation (EEPCo)
Completion Percentage	9.3%
Backlog	€2,306 million

(b) *Rails & Undergrounds*

The Group designs and constructs underground and above-ground railways, including high speed railways, subways/undergrounds, the related rail tunnels and other general underground projects. In particular, the activities include the design, excavation, construction, contracting, implementation, supervision and maintenance of above-ground and underground railways and other general underground projects.

The Salini Impregilo Group has a long track record of designing and constructing tunnels, including under technically challenging conditions. In particular, the Group may rely on advanced tunnelling technologies, such as “Tunnel Boring Machines” (“TBM”), which enable it to completely mechanise the tunnel excavation process, regardless of soil type, and the “New Austrian Tunnelling Method”, which allows tunnelling through friable (i.e. unstable, crumbling) terrain. Further, the Group focuses on the design and construction of high-speed railways in Italy and abroad. Due to its reliability, energy efficiency and ecological sensitivity, many European countries have invested in high-speed railway infrastructure as a new and efficient means of transportation for long distances.

A selection of projects the Group is currently involved in include the Copenhagen Cityringen Metro in Denmark, the Milan Metro System – Line 4 in Italy, the Red Line North underground in Doha, Qatar, the expansion of the Lima underground in Peru, the Riyadh Metro Line 3 in Saudi Arabia, the San Francisco Central Subway in California, USA and the Italian high-speed railway lines from Genoa to Milan and from Verona to Padua. The Group is also involved in the construction of the Brenner Base Tunnel, a central element of the new railway line that will connect Munich (Germany) to Verona (Italy) and which is expected to be the longest underground railway connection in the world, with its 64km tunnel. The Group also constructed the Italian high-speed railway line from Turin to Milan and from Bologna to Florence and constructed certain sections of the Paris and Athens subways.

In March 2017, the Issuer was awarded a contract for the design and construction of the 15.5km railway line of the Naples-Cancello section of the Naples–Bari high-speed railway line in Italy. The project includes the construction of the Acerra station and two urban stations. The Naples-Bari route is part of the Scandinavia-Mediterranean Corridor of the Trans-European Network (TEN). Below are brief descriptions of the principal ongoing Rails & Undergrounds projects as at 30 June 2017, which also, where applicable, indicate whether the Group is also responsible for operating the relevant concession. The total contract values below refer to the amount under the applicable construction contracts with respect to the relevant project, exclusive of any concession components. For a further discussion of the Group’s concession projects, please refer to “- Other Activities - *Concessions*”. The completion percentage is determined using the cost to cost method, whereby the percentage of completion (the ratio between costs incurred and total estimated costs) is applied to the total estimated revenue.

Milan-Genoa High Speed/Capacity Railway Line (COCIV)

Country	Italy
Project Description	Construction of the Giovi Third Railway Crossing –

	Milan-Genoa High Speed/High Capacity Line.
Customer	RFI S.p.A.
Completion Percentage	25.6%
Backlog	€3,363 million

Line 4 of the Milan Metro

Country	Italy
Project Description	The new line, which will be fully automated, will encompass a total of 15.2km along the Linate-Lorenteggio section, with 21 stations and 32 structures (ventilation shafts, safety exits, and a depot/workshop).
Customer	Municipality of Milan
Completion Percentage	31.1%
Backlog	€363 million

Red Line North Underground

Country	Qatar
Project Description	Design and construction of 13km underground in Doha with seven underground stations. In particular, the project calls for the excavation of two parallel tunnels, one in each direction, which will be about 11.6km long and have an inside diameter of 6.17 meters.
Customer	Qatar Rail
Completion Percentage	81.6%
Backlog	€252 million

Copenhagen Cityringen Metro

Country	Denmark
Project Description	The “Copenhagen Cityringen Project” consists of the design and construction of the new 17km (approx.) metro loop located in the city centre, including 17 stations and two tunnels, with an expected traffic of 240,000 passengers per day.
Customer	Metroselskabet I/S

Completion Percentage	88.5%
Backlog	€260 million

Lima Metro line 2

Country	Peru
Project Description	Design and construction of the new metro line of 35 km (approx.) in Lima.
Customer	Proinversion - Agency for the Promotion of Private Investment
Completion Percentage	10.3%
Backlog	€622 million

Forrestfield Airport Link

Country	Australia
Project Description	The project includes construction of a new metro line to connect Forrestfield, and hence the airport, to the existing Perth network through an 8km underground line. As well as the design and construction of the three new metro stations, the contract also includes 10 years of maintenance of the infrastructure.
Customer	Public Transport Authority of Western Australia
Completion Percentage	13.0%
Backlog	€693 million

Purple Line

Country	United States of America
Project Description	The Purple Line, a light rail line, is 26km long and has 21 stations. It goes from Bethesda (Maryland) in Montgomery County to New Carrollton (Maryland) in Prince George's County.
Customer	Maryland State Highway Administration
Completion Percentage	12.5%
Backlog	€464 million

(c) *Roads, Highways & Bridges*

The Roads, Highways & Bridges activities include the design, excavation, construction, contracting, implementation, supervision and maintenance of roads and motorways, highways and other bridges, viaducts and related structures, such as tunnels, on/off ramps, overpasses and underpasses. The Group also has advanced technological expertise in excavating and ventilating large-diameter highway tunnels, complete with lighting systems. In particular, the bridges and viaducts constructed by the Group span a range of different design specifications, such as simple projects comprising concrete beams and caissons that are prefabricated or produced on-site, to extremely complex projects, such as suspension and cable-stayed bridges. For example, the Issuer was the project leader of the Bosphorus Contractors Consortium, which was responsible for the construction of the second suspension bridge over the Bosphorus, which was completed in 1994.

The Group undertakes Roads, Highways & Bridges projects throughout the world and its current primary projects are located in Italy, Colombia and Poland. In addition to these material projects, the Group has also undertaken significant projects in Europe (including in Greece, Turkey, Romania, Albania, Denmark, and Azerbaijan), Africa (including in Tunisia, Ethiopia, Kenya, Morocco, Uganda, Nigeria and Sierra Leone), the Americas (Argentina, Chile, United States and Brazil), the Middle East (Dubai, United Arab Emirates) and Asia (Kazakhstan).

In July 2017, the Issuer's U.S. subsidiary, Lane, was awarded:

- a contract to replace the Unionport Bridge in Bronx County, New York. The contract comprises the replacement of the moveable "bascule" bridge that allows the Bruckner Expressway to cross Westchester Creek. The challenge will be to keep open both the expressway and the waterway during construction. This will entail building two temporary bridges and erecting the final bascule span in an open position. The Unionport Bridge supports 50,000-60,000 vehicles per day.
- a contract to widen a section of State Road 408 (SR 408) in Orange County, Florida. The project entails adding a lane to a 5km stretch of the road in each direction so that each direction will have three lanes. The work will help relieve congestion and improve safety along this stretch of SR 408 that handles more than 77,000 vehicles every day – a volume that is expected to increase to more than 85,000 vehicles by 2020. Below are brief descriptions of the principal ongoing Roads, Highways & Bridges projects as at 30 June 2017, which also, where applicable, indicate whether the Group is also responsible for operating the relevant concession. However, the total contract values below refer to the amount under the applicable construction contracts with respect to the relevant project, exclusive of any concession components. The completion percentage is determined using the "cost to cost" method, whereby the percentage of completion (the ratio between costs incurred and total estimated costs) is applied to the total estimated revenue. For a further discussion of the Group's concession projects, please refer to "- *Other Activities - Concessions*".

• **I-4 Ultimate**

Country	United States of America
Project Description	The project includes the reconstruction of 34km of I-4, 15 major interchanges and construction on 140 bridges (13 are expected to be widened, 74 are expected to be replaced, and 53 will be newly constructed). The existing roadways will be paved with more than 1.1 million tons of asphalt and

	180,000 CY of concrete.
Customer	Florida Department of Transportation (FDOT)
Completion Percentage	32.4%
Backlog	€364 million

I-395 Express Lanes

Country	United States of America
Project Description	The project consists of an eight-mile extension of the 95 Express Lanes from Edsall Road in Fairfax County to Eads Street in Arlington County. The work is expected to extend the 95 Express Lanes to the Washington, D.C., line and is expected to reduce congestion significantly along the I-395 corridor.
Customer	State of Virginia
Completion Percentage	2.8%
Backlog	€287 million

A1 Torun-Strykow Motorway

Country	Poland
Project Description	Design and construction of a 20km stretch of the A1 Motorway.
Customer	General Director for National Roads and Motorways
Completion Percentage	18.1%
Backlog	€111 million

(d) *Other Projects*

The Other Projects activities include projects in areas other than our three principal construction business activities, such as the design and construction of civil and administrative buildings, airports, educational facilities, car parks, hospitals and industrial complexes and plants. For example, the Group completed the construction of the Stavros Niarchos Foundation Cultural Centre in Athens and is currently building Gaziantep Hospital in Turkey. In addition to these projects, the Salini Impregilo Group has also undertaken additional works in Europe (Greece and Switzerland) and Africa. The Group constructed the Plenary Chamber for the European Parliament in Strasbourg, France, Ushuaia International Airport in Argentina and Bergamo Airport in Italy.

In June 2016, Kuwait's Public Authority for Housing Welfare awarded a contract for the construction of a 12,000-hectare urban residential development located approximately 40km northwest of Kuwait City to a consortium led by Salini Impregilo in which it holds a 55 per cent. stake. Once completed, the new development is expected to accommodate 400,000 residents in modern housing and provide for cutting edge logistical services, public and commercial areas, hospitals, schools and social services. The project includes,

among other things, the construction of 150km of roads and related structures and numerous art works, lighting infrastructure, water distribution, rainwater gathering and sewage systems, as well as other civil works necessary for the distribution of electricity, installation of telecommunications networks and traffic control.

In March 2017, the Issuer signed a contract with Meydan Group LLC to build the Meydan One Mall in Dubai, UAE. The project will be part of the UAE and Dubai's offering to visitors in preparation for Expo 2020. The Mall is part of an urban development project located between Meydan and Al Khail Road, close to the heart of the city. According to the agreement, the Issuer will prepare the area for development by overseeing the excavations and building of the sub- and super-structures for the complex, including the foundations for a ski slope and the concrete support for the steel structure above the Mall. The Mall is the first of several phases to this urban development project, which is expected to include a water canal, a tourist port, walking and cycling tracks and a residential area. There are expected to be two metro lines passing underneath it, one of which – the Green Line – is expected to connect to Dubai Airport by 2020. In April 2017, the Issuer was awarded a contract from Al Khozama Management Company, a developer and manager of luxury, hospitality, retail and commercial properties in the Kingdom of Saudi Arabia, to renovate the Al Faisaliah District in the capital, Riyadh. The contract – known as the Al Faisaliah District Redevelopment Project – will start with the refurbishment of the Al Faisaliah Mall. It will see the demolition of the adjacent Seyahiah and Al Khozama Centre buildings to make way for an extension of the Mall and the construction of a five-star hotel and accompanying underground parking. The Mall will be remodeled and upgraded in phases, ensuring that it remains open throughout the period of work.

Furthermore, in July 2017, the Issuer was awarded a contract to build the new corporate headquarters of ENI, in Milan. Located in the municipality of San Donato Milanese in the city's southeast, the headquarters will be based on a design by Morphosis Architects, the U.S. architecture firm led by Pritzker Prize winner Thom Mayne. The complex will consist of three interconnected buildings for 4,600 employees on 65,000 square metres of land. It will aim to apply standards of energy efficiency and environmental sustainability to meet Gold Leadership in Energy and Environmental Design (LEED), one of the most popular green building certification programmes in the world. Each of the three buildings are expected to be connected to one another by so-called "sky-bridges".

Below are brief descriptions of the principal ongoing Other Projects of the Group as at 30 June 2017. The projects, which are also described in the "*Concessions*" section below, are included in the following tables with respect to the Group's involvement in the relevant construction phase, and accordingly the total contract values below only refer to the amount under the applicable construction contracts with respect to the relevant project. The completion percentage is determined using the "cost to cost" method, whereby the percentage of completion (the ratio between costs incurred and total estimated costs) is applied to the total estimated revenue.

Al Bayt Stadium

Country	Qatar
Project Description	Design and construction of the Al Bayt Stadium in Al Khor near Doha.
Customer	Aspire Zone Foundation
Completion Percentage	31.6%
Backlog	€545 million

South Mutlaa City

Country	Kuwait
Project Description	The project comprises the creation of a 12,000-hectare urban residential development located approximately 40km northwest of Kuwait City.
Customer	Kuwait's Public Authority for Housing Welfare
Completion Percentage	7.1%
Backlog	€435 million

(B) Other Activities

In addition to Construction Activities, the Salini Impregilo Group conducts operations in plants and concessions that were historically performed by Impregilo and managed as separate units.

(a) Plants

Historically, the Group was active in engineering and plant construction operations, primarily constructing and operating plants for the desalination of sea water, gas flue treatment (a process by which flue gas is treated) and waste-to-energy processes. These operations currently comprise minor activities, some of which – including Fisia Babcock Environment GmbH – have been divested. See “History and Development”.

In April 2017, the Issuer, through its Fisia Italimpianti unit and a Spanish joint-venture partner, are set to design and build a water desalination plant in Saudi Arabia. Located in the Shuaiba area on the western coast of Saudi Arabia, the plant is expected use reverse osmosis technology to deliver up to 250,000 cubic metres of water per day, supplying potable water to more than one million residents in the cities of Mecca, Jeddah and Taif. In a joint venture in which it holds 50 per cent., Fisia Italimpianti has signed a Limited Notice To Proceed (LNTP) with ACWA Power to start the preparatory work and, in August 2017, also signed a Full Notice to Proceed (FNTP).

(b) Concessions

Although the Group is mainly focused on construction activities, as at 30 June 2017, it had 18 ongoing concession projects, of which five are in the investment phase (i.e. the Group is investing in the construction of the projects) and 11 are fully operational. In particular, the concession activities involve the operation, management and maintenance of public infrastructure concessions in which the Group makes equity commitments and maintains an equity or similar type of ownership interest. The Group participates in concessions as either a partner of the concessionaire company, through joint venture companies and associations executing the projects, or as a contracting party. The most significant concessions are for transport infrastructure, waste-to-energy production plants, power distribution lines, water systems, hospitals and car parks.

The Group has been present in the concessions sector for more than 20 years and its principal ongoing concessions projects are the Milan Metro Line 4 in Italy, the Metro Line 2 in Peru, the Ruta del Sol Highway in Colombia and the Gaziantep Hospital in Turkey. In the last few years, the Salini Impregilo Group has made a strategic decision to dispose of non-core assets, such as brownfield concessions. Accordingly, since 2012, certain of these assets – including the Brazilian concessionaire EcoRodovias Infraestrutura e Logística S.A.,

in which the Issuer held an interest of 29 per cent. – have been divested (see “*History and Development*” above). On the other hand, the Group also intends to continue to bid strategically on greenfield concessions that benefit its Construction Activities while seeking to retain the right to exit from the concession to the extent an opportunity for disposal arises, usually after the completion of the construction phase. In other words, although the Group is in the process of renewing its focus on its construction operations by disposing of non-core concession assets, it continues to utilise concessionary structures as a means to increase its Construction Activities.

The following tables set forth the Salini Impregilo’s principal concessions in Italy and outside Italy, respectively, as at 30 June 2017:

ITALY

MOTORWAYS

Country	Operator	% of investment		Total		
		investment	km	Stage	Start date	End date
Italy	SaBroM-Broni Mortara	60	50	Not yet active	2010	2057
Italy (Ancona)	Dorico-Porto Ancona bypass	47.0	11	Not yet active	2013	2049

METROS

Country	Operator	% of investment		Total		
		investment	km	Stage	Start date	End date
Italy (Milan)	Milan Metro Line 4	9.7	15	Not yet active	2014	2045

CAR PARKS

Country	Operator	% of investment		Stage	Start date	End date
Italy (Terni)	Corso del Popolo S.p.A.	55.0		Active	2016	2046

OTHER

Country	Operator	% of investment		Stage	Start date	End date
Italy (Terni)	Piscine dello Stadio S.r.l.	70.0		Active	2014	2041

ABROAD

MOTORWAYS

Country	Operator	% of investment		Total		
		investment	km	Stage	Start date	End date
Argentina	Iglys S.A.	98.0		holding		
Argentina	Autopistas Del Sol	19.8	120	Active	1993	2020
Argentina	Puentes del Litoral S.A.	26.0	59.6	in liquidation	1998	
Argentina	Mercovia S.A.	60.0	18	Active	1996	2021

Colombia	Yuma Concessionaria S.A. (Ruta del Sol)	48.3	465	Active	2011	2036
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METROS

Country	Operator	% of investment	Total	Stage	Start date	End date
		investment	km			
Peru	Metro de Lima Linea 2 S.A.	18.3	35	Not yet active	2014	2049

ENERGY FROM RENEWABLE SOURCES

Country	Operator	Installed				
		% of investment	voltage	Stage	Start date	End date
Argentina	Yacylec S.A.	18.7	T line	Active	1992	2091
Argentina	Enecor S.A.	30.0	T line	Active	1995	2094

INTEGRATED WATER CYCLE

Country	Operator	Pop.				
		% of investment	served	Stage	Start date	End date
Argentina	Aguas del G. Buenos Aires S.A.	42.6	210 k	in liquidation	2000	
Peru	Consortio Agua Azul S.A.	25.5	740 k	Active	2000	2027

HOSPITALS

Country	Operator	No. of				
		% of investment	beds	Stage	Start date	End date
GB	Impregilo Wolverhampton Ltd.	20.0	150k medical visits	Active	2002	2032
GB	Ochre Solutions Ltd - Oxford Hospital	40.0	220	Active	2005	2038
GB	Impregilo New Cross Ltd.	100.0		holding		
Turkey	Gaziantep Hospital	24.5	1875	Not yet active	2016	2044

CAR PARKS

Country	Operator	No. of				
		% of investment	parks	Stage	Start date	End date
GB	Impregilo Parking Glasgow Ltd.	100.0	1400	Active	2004	2034

Backlog

Backlog represents the value of multi-year construction contracts awarded, less revenue recognised prior to the relevant date.

The Group calculates backlog to include the current or remaining contract value of projects that have either been awarded (i.e. after tender submission and upon receipt of official notification from the customer, but prior to signing of definitive and binding project contracts) or for which definitive binding project contracts

have been signed by the relevant parties. At 30 June 2017, the Group's entire backlog included only projects for which definitive and binding project contracts were executed.

Backlog includes the contract value of projects that have been postponed or suspended, in accordance with the terms of the relevant contract, even indefinitely. The Group does not reduce its backlog in respect of a contract until that contract has been cancelled or reduced in agreement with the customer. As of 30 June 2017, the Group's construction backlog was approximately €28 billion (€29 billion as of 31 December 2016). In particular, with respect to the Group's construction operations, when the Group includes revenues from a construction contract in its backlog, it assumes that all contractual obligations will be met by each counterparty. The Group's contracts also generally foresee a procedure to follow when contractual obligations are not met. For contracts that are not fixed price, the related backlog is updated from time to time when a variation order is agreed with the client in addition to the original contract price, or when extensions of time and/or changes in the scope of works are required by the client and agreed by the parties and the expected revenues for the additional works are reasonably certain.

Backlog is not an IFRS measure and is not calculated based on IFRS financial information. Our calculation may differ from other companies in the industry. Backlog should not be considered in replacement of IFRS revenue or any other IFRS measure. Furthermore, although the Group's internal accounting system updates backlog data on a consolidated basis monthly, backlog is not necessarily indicative of the Group's future operating results, as backlog figures are subject to substantial fluctuations.

Industry and Competition

Industry

The Construction business includes planning, design, financing and realisation of a broad set of assets including: (i) infrastructure: roads, bridges, tunnels, railways, metro lines, dams and hydro works, mines, oil & gas transportation and distribution pipelines and (ii) real estate properties: residential and commercial buildings, industrial sites and plants.

In addition to project execution, several players competing in the Construction business also contract with the customer to operate and maintain the assets constructed on the basis of a concession framework. In the *greenfield* Concessions business, a company builds the infrastructure and in return is given the right to collect fees or operate the business for a contractually agreed period of time. Typical Concessions include the management of highways, bridges, tunnels, ports, airports, hospitals, water systems, and mines. Other services often provided by construction companies include treatment of water, sewerage and solid waste and hazardous waste. In contrast to the Group's key peers, the Group's management does not intend to diversify towards the Concession business or non-core services such as water and waste treatment, but to focus on the Group's construction activities and in particular on the specific sub-segment represented by the large-scale and complex civil works, including hydro works, roads, railways and metro lines.

The Group's customers consist of public sector entities, or "PSEs", and private companies. As is customary in this industry, a substantial part of the Group's activities is carried out for PSEs, including the ministries of transportation, regional and local health authorities, municipalities, other local entities and public authorities. The Group's private customers include infrastructure operators, as well as public-private partnerships.

Demand for construction services is sensitive to the development of the macroeconomic environment: (i) non-residential construction and infrastructure are significantly influenced by government spending policies and current political priorities, and (ii) real estate markets are predominantly influenced by demographics, consumer confidence and general prosperity.

Demand for construction services also has different drivers in emerging and developed countries:

- emerging countries are characterised by rapid industrialisation, the need for better living standards, such as increased availability of water and sanitation, electricity and roads or local governments' need to stimulate gross domestic product ("GDP") growth. As a result, in emerging countries governments invest significantly in brand new energy, telecom, transport and civil infrastructures; and
- developed countries are often characterised by lower or stagnant GDP growth and stringent fiscal policy and spending reviews, which limit investments in construction. Demand for construction mainly arises from a need to develop renewable and clean energies and to maintain, upgrade and modernise the existing, often extensive transport, power and telecoms infrastructure.

Competition

Competition in the Construction industry is largely a question of national or even sub-national, regional markets. Each country has its own construction demand and technical and regulatory frameworks that must be respected. Moreover, a large determinant of competition is the size and technical expertise required for the project works for which the Group competes.

In Italy, the Salini Impregilo Group considers its direct competitor to be Astaldi S.p.A., although there are several other smaller competitors.

Within Europe, the Group considers its primary competitors, with a similar focus on heavy civil works, to be Grupo ACS (Spain), Hochtief (Germany), Strabag (Austria), Vinci (France) and Sacyr (Spain).

The Group also competes with many of the same companies that it competes with in Europe in the Middle East and Asia, together with additional competitors Samsung C&T (Korea), GS Engineering & Construction (Korea), Bechtel (USA), Worley Parsons (USA), Granite (USA), Tutor Perini (USA) and Larsen & Toubro (India).

In Africa, competition is very country- and project-specific; some of the aforementioned companies are present in Africa along with some Chinese companies (e.g. the Sinohydro Group, China International Water Electric).

In the United States and Canada, the market is very large, very geographically fragmented and much depends on the technical requisites of the works to be tendered or executed. In South America, the Brazilian market is the largest and most competitive, with many local competitors including Odebrecht, Camargo Corrêa and Andrade Gutierrez.

Depending on the size and technical requirements of a particular project, the Group often also participates in joint ventures with many of the above-mentioned competitors to bid as partners for the same tender. For example, for the Riyadh Metro (Saudi Arabia), the Salini Impregilo Group is in a consortium with Larsen & Toubro.

Trend information

There has been no material adverse change in the prospects of the Group since the date of its last published audited financial statements.

As of the date of this Prospectus, the Issuer is not aware of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Group's prospects for the current Financial Year.

BUSINESS STRATEGY

The business strategy of the Salini Impregilo Group is focused on sustainable long-term growth and value creation for shareholders, the key factors of which are as follows:

Focus on core construction operations

In contrast to many of the Group's peers who are "diversified contractors", the strategy of the Group primarily consists in focusing on heavy civil engineering and construction, specialising in large-scale complex infrastructure projects, plants, water and waste treatment plants engineering, instead of activities related to concessions (which are considered to be extremely capital intensive).

The Salini Impregilo Group, however, will continue to bid strategically on greenfield concessions that benefit its construction activities while seeking to retain the right to exit from the concession to the extent an opportunity for disposal arises, usually after completion of the construction phase.

Focus on large scale complex projects

In line with renewing its focus on construction activities, the Issuer also intend to focus on large-scale, complex infrastructure projects requiring superior technical, engineering and managerial expertise.

These large projects also tend to have higher margins than smaller and less complex projects, due in part to the limited number of players qualified to compete for such projects. The Issuer also intends to focus on applying strict selection and bidding criteria so that projects the Group competes for meet minimum profitability thresholds.

Focus on geographical diversification to low risk countries

The Salini Impregilo Group intends to increase its presence in countries with low risk profile (e.g. USA) characterised by high GDP and increasing investments in infrastructure.

To strengthen its market position in strategically selected markets, the Issuer may also consider suitable opportunities for the acquisition of existing entities or group of companies, to expand its project portfolio worldwide. For instance, the acquisition of Lane Construction Ltd. (see "*History and Development*" above) is aimed at supporting the Group's expansion plans in the U.S.A. i.e. in a large infrastructure market that the Issuer considered attractive and where it believes a local presence and a local team of managers will be of importance from a competitive perspective).

Strengthening its presence in developed, low risk markets is expected to allow the Group to leverage on its increased scale while mitigating the exposure to uncertainties of certain geographical areas. However, to achieve such growth the Group also expects that it may need additional financial resources both for the funding of the investments/acquisitions and for the higher performance bond requirements of some markets (such as the United States, where 100 per cent. guarantees are usually required).

Sustainable development

Sustainability is an integral part of the Salini Impregilo Group's corporate strategy. The Issuer has adopted a sustainability model that supports its business and aims at achieving the following principal objectives:

- to ensure high performance standard towards investors, customers, employees and the environment;
- to support the growth of the countries in which the Group operates through job creation, the use of local suppliers and development of local community initiatives; and
- to grant transparency towards all the stakeholders, through information programmes and engagement.

The Group has formalised a co-ordinated set of policies, procedures and organisational structures aligned with major international benchmark standards aimed at conducting operations across a broad range of jurisdictions and environments and respecting the expectations of institutions, clients, local communities, employees, technical and operating counterparties with different histories and cultures.

In particular, in January 2015, the Group adopted a new sustainability policy, identifying 10 principles that enshrine its commitments *vis-à-vis* its stakeholders.

Furthermore, the Issuer is a member of the United Nations Global Compact, a worldwide initiative for sustainable development, which requires a commitment to aligning strategies and operations with ten universal principles relating to human rights, labour, the environment and the fight against corruption. The Issuer believes that adoption of its certified management system for quality, health and safety, environment and prevention of corruption, as well as of Model 231 and its Antibribery Management System certified according to the ISO 37001:2016 standard are adequate to monitor its respect of the abovementioned principles.

Since 2014, the Group has voluntarily joined the Carbon Disclosure Project (“CDP”), a global platform supported by over 800 institutional investors that allows users to measure, compare and share information about the environmental performance (climate change) of more than 2,000 companies all over the world. In 2016, the Group was included in the CDP’s Climate “A List”, a recognition given to only 193 companies at a global level, including eight from Italy, committed to ensure the sustainability of their operations.

In Italy, the Issuer is a founding member of the Global Compact Network Italy, and works together with other member organisations and businesses to execute specific projects and initiatives aimed at advancing the priorities set forth in the Global Compact. In addition to the abovementioned policies and management systems, the Issuer implements further sustainability programmes, taking into account the peculiarities of its projects. These include the eco-design and eco-construction systems that have been adopted within (i) the “Stavros Niarchos Cultural Centre” project in Athens, Greece, with an aim to obtain the LEED (*Leadership in Energy and Environmental Design*) Platinum certification, (ii) the “Red Line North” project in Doha, Qatar, where a GSAS (*Global Sustainability Assessment System*) system has been adopted to increase the sustainability performance of major works, and (iii) the “North West Rail Link” in Sydney, Australia, that in 2015 was awarded the “Leading ISCA (*Infrastructure Sustainability Council of Australia*)” rating for the development of the best sustainability practices in the designing phase.

The Group’s commitment to sustainability, related initiatives and the results that are achieved from time to time are described in the annual Sustainability Report (available on the Issuer’s website), which is produced in compliance with the Global Reporting Initiative (GRI-G4) standards and verified by an external certification body (the 2016 Sustainability Report was certified by Deloitte & Touche).

The Quality, Health & Safety and Environment Management System

The quality, health & safety and environment management system (“QHSE System”) is a management tool used by the Group’s senior management to maintain the expected and desired quality of its projects, in order to: (i) comply with technical requirements defined by contract specifications; (ii) focus on the health and safety of the Group’s employees and of those involved in its projects; and (iii) reduce the environmental impact of construction activities. Processes that may have an impact on the QHSE System and related requirements are planned, developed and monitored according to documented procedures, to the full satisfaction of the Issuer’s stakeholders.

The QHSE System is implemented in compliance with the international standards, which allowed the Issuer to obtain a renewal of its ISO 9001, ISO 14001 and OHSAS 18001 certifications in December 2016, based on the audit carried out by an independent entity (namely SGS Italia S.p.A.).

The issue of new editions of the ISO 9001 and 14001 in 2015 introduced, *inter alia*, the so-called “risk-oriented approach” in management systems. The update of the QHSE systems has been defined during 2016, provided that the systems will have to comply with these new provisions by September 2018.

To ensure the effective management commitment and the continual improvement, a QHSE Committee was constituted, its components are the General Directors of HR, Engineering, Operation and QHSE departments.

The QHSE Committee identifies:

- Policies;
- Objectives;
- Communications Strategies and dissemination of QHSE culture;
- Operative lines.

To ensure the correct application of the QHSE System, the Issuer has appointed a supervisor who is supported by the QHSE department and is responsible for:

- information to the employees in relation to the QSHE commitments;
- the organisation of periodical internal audits to monitor the Group’s performance, the adequacy, effectiveness and efficiency of the QHSE Management System; and
- the submission to the top management of any proposed changes to existing policies in order to improve the Group’s performance.

Environmental Matters

The Salini Impregilo Group places great importance on environmental protection and reflects its environmental sensitivity in its business operations. The approach of the Group’s environment management system is based on the PDCA (*Plan, Do, Check and Act*) method and the development of its processes is based on objective measurement. The environmental system has been certified for EN ISO 14001 since 2007 and the Group remains committed to achieving the following objectives:

- protecting the environment and preventing environmental damage;
- guaranteeing natural resources and biodiversity protection; and
- ascertaining those aspects of company’s activities that can have significant impact(s) on the environment.

The analysis of the applicable regulatory requirements is made during all stages of a project (i.e. design, procurement and construction). At each stage, an identification of the requirements needed for the proper performance of the work is conducted.

The relevant project team then plans the construction activities with the following requirements in mind:

- measures aimed at guaranteeing compliance with legal requirements included in an ad hoc report that identifies significant environmental aspects, related impacts and mitigation measures to adopt;
- training; and
- monitoring compliance.

All parties with which the Group interfaces, in particular its suppliers and subcontractors, are required to comply with the Group’s requirements and standards. Plans, procedures and training are developed and

monitored to minimise the Group's environmental impact through management of construction waste, land and soil consumption and erosion, air emission, noise and vibration, and reduction of energy and water consumption. Periodic environmental audits for all of the Group's project sites and head office are regularly planned and performed. In addition, the Issuer establishes "environmental targets" on an annual basis, monitors the environmental performance and implements improvement activities as necessary.

Occupational Health and Safety

The Group recognises the utmost importance of occupational health and safety protection of employees and third parties during the performance of all activities within its premises. The approach of the Group's Occupational Health and Safety Management System ("OHS System") is also based on the PDCA method, while the development of its processes is based on objective measurement. The OHS System has been certified for BS ISO 18001 since 2003.

Works methods are planned and developed taking into consideration:

- legal requirements;
- health and safety policy and any safety-specific contract requirements for the project; and
- international standards, such as good engineering practice and established industry practices for health and safety performance.

With respect to the procurement process, the requirements related to the materials, machinery and equipment (i.e. handling, proper use and maintenance) are analysed and evaluated, in order to avoid the use of machinery and equipment not complying with health and safety regulations.

During the development of the Construction Activities, the OHS System plans are reviewed to check the compliance with requirements and site visits, audits and follow-up actions are regularly performed.

Quality Control

The Group believes in competence and skill, in work that is well done and capable of exceeding client's expectations. Planning, execution and control of production activities aims at guaranteeing that the work is carried out in compliance with the contractual and corporate conditions and regulatory constraints.

The control activities are based on:

- control plans, used to plan inspection and control of materials/products upon receipt and/or at the supplier's premises and of working activities (while underway and after completion), describing checks of: documents, operational methods, permits process, qualifications, construction materials, work environment conditions, equipment, software and personnel, in all cases with reference to standards, codes and contractual and legal requirements, frequency of checks, limits on acceptability, responsibilities and control records documents;
- the Method Statements providing, for each project, working parameters, equipment/machinery to be used, execution sequence, requirements to be met, specific qualifications for personnel and record documents to be prepared.

Research and Development

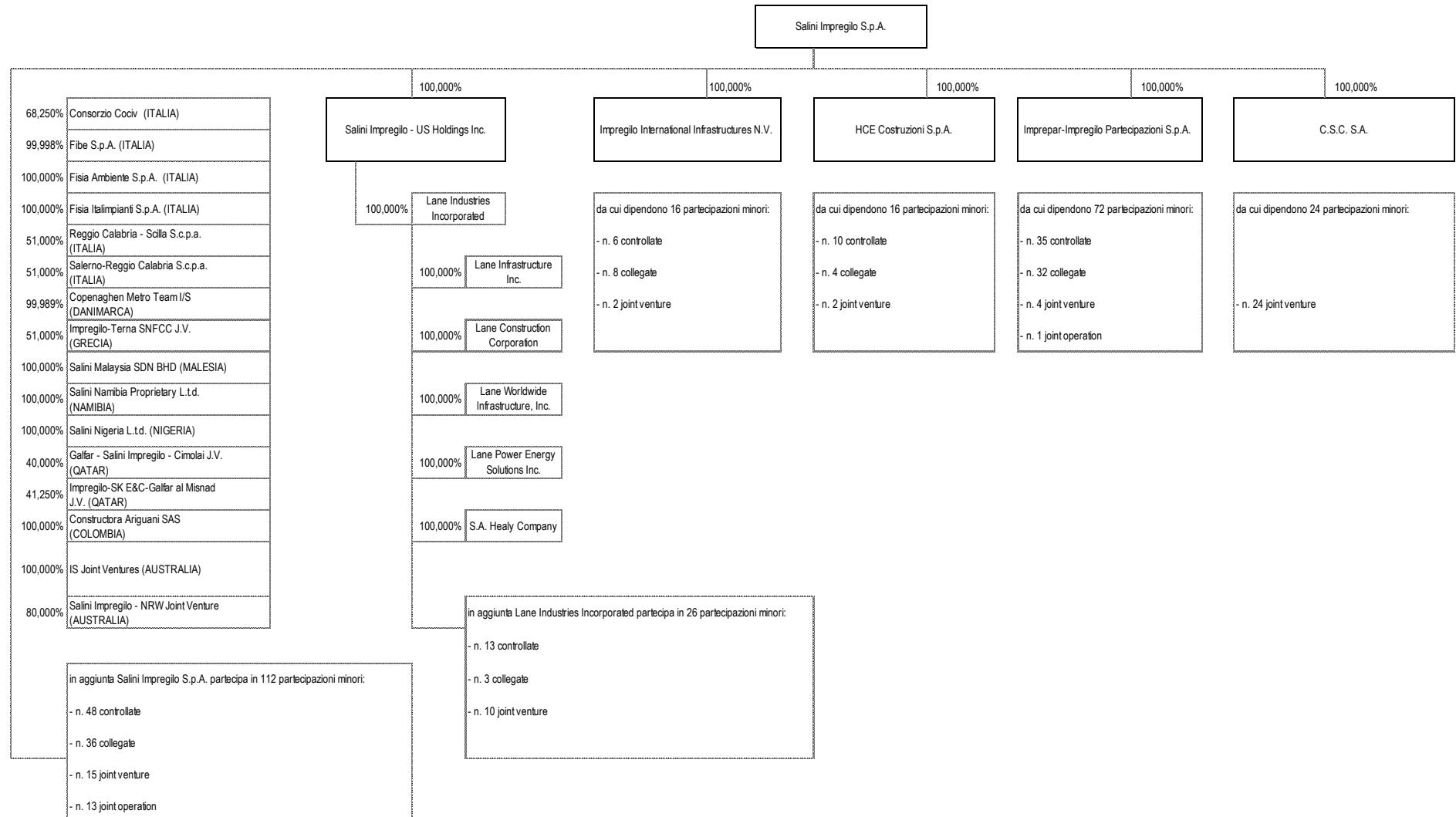
Research, development and technological innovation have always been essential to the execution of the Group's large-scale complex projects and the Group dedicates continuous attention to these areas. In close partnership with qualified professionals and engineering companies at an international level, the Salini

Impregilo Group has developed highly innovative techniques and solutions for use on projects of all types, sizes and complexity.

For example, the Issuer's Fast Track Implementation method is specifically designed to construct large scale "turnkey" hydroelectric power plants. The method, based on the simultaneous launch of all critical operational phases, is aimed at significantly reducing project timescales. Therefore, the desired outcome is that a hydroelectric plant would begin to generate benefits and revenue streams much sooner than it would with a traditional organisational approach, delivering a faster return on investment. The Fast Track Implementation method, which the Group has already applied to three large scale hydroelectric plants, can be used for many project types that require swift completion times, anywhere in the world.

ORGANISATIONAL STRUCTURE

Salini Impregilo is the parent company of the Salini Impregilo Group. The chart below illustrates the structure of the Salini Impregilo Group.



The Issuer's controlling shareholder is Salini Costruttori, a company which, to the best of the Issuer's knowledge as at 17 October 2017 (on the basis of (i) the shareholders' book, (ii) the communications received pursuant to CONSOB Regulation No. 11971 of 14 May 1999 as amended and (iii) the available public information), owns approximately 66.46 per cent. of Salini Impregilo's ordinary shares and which directs and co-ordinates the activities of the Issuer pursuant to Articles 2497 *et seq.* of the Italian Civil Code.

As of the date of this Prospectus, the Issuer believes that it is not dependent upon any entities within the Salini Impregilo Group.

CORPORATE GOVERNANCE

Overview

The Salini Impregilo Group's approach to corporate governance is aimed at ensuring consistency with the best international practices.

The chart below summarises the Issuer's governance system.



The Issuer has adopted the "traditional" model of governance, where in principle the board of directors is responsible for the company's management and the board of statutory auditors is responsible for overseeing compliance with applicable laws and the by-laws.

The corporate governance system adopted and implemented by Salini Impregilo complies with the provisions of Italian corporate law and the Italian Consolidated Financial Act (Legislative Decree 24 February 1998, No. 58, as amended, the "ICFA"). It is also in compliance with the code of self-regulation drafted by the

Corporate Governance Committee for Listed Companies, an internal body established by the Italian Stock Exchange, and applies to Italian listed companies on a “comply-or-explain” basis (the “**Code of Self-Regulation**”). In particular, the Issuer’s by-laws are in compliance in corporate governance matters with all applicable laws as well as the recommendations set forth in the Code of Self-Regulation and the Italian securities markets regulations.

Pursuant to the ICFA, Salini Impregilo is required to illustrate in detail in each annual report on the corporate governance (which is published every year at least 21 days prior to the general meeting that is convened to approve the annual financial reports) the measures and procedures adopted and put in place in order to implement the recommendations included in the Self-Regulation Code and, in the event that one or more of such recommendations are not implemented, in full or in part, the reasons why the Board of Directors has decided not to do so.

The Issuer’s most recent Report on the Corporate Governance (for the year 2016) is available in English at: <https://www.salini-impregilo.com/static/upload/ed8/ed861cba74dac4ced1f2fc35b6590701.pdf>.

Board of Directors

Pursuant to Article 20 of its by-laws, Salini Impregilo is managed by a Board of Directors comprising between 7 and 15 members. The directors are appointed by shareholders at a general meeting, remain in office for a maximum period of three years and can be re-appointed and serve multiple terms.

In accordance with the provisions of the ICFA, Article 20 of the Issuer’s by-laws provide that the shareholders elect the Board of Directors on the basis of lists presented by shareholders who hold, at the time of the presentation, an interest at least equal to 2 per cent. of the share capital (or the lesser interest which may be provided by law), in accordance with the mechanism described therein. Each shareholder, or each group of shareholders who are parties to a shareholders’ agreement (as defined by Article 122 of the ICFA) may neither present nor vote for more than one list, whether or not they act or vote directly or through a proxy or a fiduciary company. A candidate may be present on only one list, under penalty of ineligibility. At the end of voting, (i) a number equal to the number of members of the Board of Directors, less one, is taken, in progressive order, from the candidates present on the list that has obtained the most votes (provided that this list has received a number of votes from shareholders representing at least 29 per cent. of voting share capital), and (ii) the remaining director is taken from the list that has obtained the second highest number of votes. Different criteria apply if no lists received number of votes from shareholders representing at least 29 per cent. of the voting share capital. The abovementioned list-mechanism only applies when the entire Board of Directors is to be appointed. In case of appointment of one or more directors to replace other directors, the abovementioned mechanism does not apply and the shareholders’ resolution is adopted in accordance with the quorum requirements set out in the Italian Civil Code.

Each director must comply with the eligibility, professionalism and integrity requirements provided by law. Pursuant to Article 147-*ter*, paragraph 4, of the ICFA, at least one director, or two directors in case the board is composed of more than seven members, as is the case with the Issuer, must comply with special independence requirements. Accordingly, also in compliance with the provisions of the Code of Self-Regulation, 10 members of the Issuer’s Board of Directors out of the 15 members currently in office (approximately 66.6 per cent.) are independent. Furthermore, pursuant to Article 147-*ter*, paragraph 1-*ter*, of the ICFA and implementing regulations and to the provisions of Law 12 July 2011, No. 120, at least one fifth (20.0 per cent.) of the present Board members must be the under-represented gender. As of the date of this Prospectus, four members of the Board out of the 15 members currently in office (approximately 26.66 per cent.) are women.

The Board of Directors is responsible for the ordinary and extraordinary management of the Issuer, without any exceptions, and it may exercise any and all powers to meet the corporate objects of the Issuer, to the

extent such powers are not reserved for shareholders under Italian law. Furthermore, the Board of Directors may resolve upon:

- (i) the establishment or closure of any branches, in Italy or abroad;
- (ii) a reduction of the Issuer's share capital further to any shareholders' withdrawal;
- (iii) an amendment of the Issuer's by-laws aimed at conforming them with provisions of law;
- (iv) the moving of the registered offices of the Issuer within Italy;
- (v) mergers and de-mergers pursuant to Articles 2505 and 2505-*bis* of the Italian Civil Code.

Furthermore, the Board, within the limits prescribed by Italian law, may delegate its powers to an Executive Committee (if established) and/or one or more executive officers and it may establish also other committees, determining the relevant powers and operating rules. The Board of Directors also determines the powers of the Chief Executive Officer.

The chairman of the Board of Directors and the Chief Executive Officer have the power to represent severally the Issuer *vis-à-vis* any third parties.

The current Board of Directors of the Issuer is composed of the following 15 directors:

Name	Position	Term
Alberto Giovannini	Chairman	Until the shareholders' meeting convened to approve the Issuer's financial statements for the Financial Year ended 31 December 2017
Pietro Salini	CEO	Until the shareholders' meeting convened to approve the Issuer's financial statements for the Financial Year ended 31 December 2017
Marco Bolgiani	Independent Director	Until the shareholders' meeting convened to approve the Issuer's financial statements for the Financial Year ended 31 December 2017
Marina Brogi	Independent Director	Until the shareholders' meeting convened to approve the Issuer's financial statements for the Financial Year ended 31 December 2017
Giuseppina Capaldo	Independent Director	Until the shareholders' meeting convened to approve the Issuer's financial statements for the Financial Year ended 31 December 2017

Name	Position	Term
Mario Giuseppe Cattaneo	Independent Director	Until the shareholders' meeting convened to approve the Issuer's financial statements for the Financial Year ended 31 December 2017
Roberto Cera	Director	Until the shareholders' meeting convened to approve the Issuer's financial statements for the Financial Year ended 31 December 2017
Nicola Greco	Independent Director	Until the shareholders' meeting convened to approve the Issuer's financial statements for the Financial Year ended 31 December 2017
Pietro Guindani	Independent Director	Until the shareholders' meeting convened to approve the Issuer's financial statements for the Financial Year ended 31 December 2017
Geert Linnebank	Independent Director	Until the shareholders' meeting convened to approve the Issuer's financial statements for the Financial Year ended 31 December 2017
Giacomo Marazzi	Independent Director	Until the shareholders' meeting convened to approve the Issuer's financial statements for the Financial Year ended 31 December 2017
Franco Passacantando	Independent Director	Until the shareholders' meeting convened to approve the Issuer's financial statements for the Financial Year ended 31 December 2017
Laudomia Pucci	Independent Director	Until the shareholders' meeting convened to approve the Issuer's financial statements for the Financial Year ended 31 December 2017
Alessandro Salini	Director	Until the shareholders' meeting convened to approve the Issuer's

Name	Position	Term
		financial statements for the Financial Year ended 31 December 2017
Grazia Volo	Director	Until the shareholders' meeting convened to approve the Issuer's financial statements for the Financial Year ended 31 December 2017

All members of the Board of Directors (except for Grazia Volo and Alessandro Salini) were appointed on 30 April 2015. In particular, on that date the general meeting appointed 15 members for a three-year term, 14 of which were taken from the majority list presented by Salini Costruttori S.p.A., while the fifteenth member, Marco Bolgiani, was designated by the minority shareholders. On 14 July 2015, the former Chairman and member of the Executive Committee, Claudio Costamagna, resigned from office due to concurrent professional engagement, and the Board resolved to appoint the director Alberto Giovannini as the new Chairman. On 25 February 2016, also Laura Cioli resigned from office due to concurrent professional engagement. On 28 April 2016, the general meeting resolved to appoint Alessandro Salini and Grazia Volo as directors of the Company until the shareholders' meeting that will be convened to approve the Issuer's financial statements for the Financial Year ended 31 December 2017.

The principal business activities, experience and other principal directorships, if any, of each of the Issuer's Directors are summarised below.

Alberto Giovannini. Alberto Giovannini has served as Independent Director of Impregilo (now Salini Impregilo) since July 2012 and he was appointed Chairman of the Issuer on 14 July 2015, following resignation of Claudio Costamagna. He obtained a degree in Economics at the University of Bologna and a Ph.D. in Economics at the Massachusetts Institute of Technology. He started his career as an academic professor of Finance and Economics at Columbia Business School in New York and fellow of the National Bureau of Economic Research and of the Centre for Economic Policy Research. Subsequently, he held a number of positions in the private sector and the public sector, such as the Italian Treasury and the European Commission, dealing with a wide range of issues ranging from sovereign debt management to financial markets infrastructure. He has been a member of a number of boards, including the Italian electric utility ENEL, and the premier government bond trading platform MTS. Since 2012, he has been an Independent Director of the Board of Salini Impregilo S.p.A. He was appointed Chairman of the board in July 2015.

Pietro Salini. Pietro Salini has served as Chief Executive Officer of Impregilo (now Salini Impregilo) since July 2012. He earned his degree in Economics and Business Administration from La Sapienza University of Rome and began his professional career in 1985 working for the family company Salini Costruttori S.p.A., becoming its Chief Executive Officer in 1994, a position he still holds. He also currently serves as the Chairman of the Board of Directors of Lane Industries, Inc. He is also a Member of the Board of Confindustria, General Representative on the Board of Unindustria and Executive Committee Member of Assonime. On 31 May 2013, he was honoured with the title of "Cavaliere del Lavoro" (Knight of Labor), for his service to industry, and on 11 December 2013, he won the Tiepolo Award in Madrid for the deal that resulted in the takeover of Impregilo.

Marco Bolgiani. Marco Bolgiani has served as a member of the Board of Directors of Salini Impregilo since April 2015. He has a degree in Business and Economics from Luigi Bocconi Commercial University and

started his professional career in 1982 at Citybank N.A. as Head of Loan Syndication Department. From 1985 to 2003, he served as Responsible Capital Market, General Manager and finally CEO at Eptaconsors. From 2003 to 2012, he served first as President of Unicredit Private Bank Italy, then as Head of Securities Services and Correspondent Banking and finally as Head of Global Transaction Banking Groupwide at Unicredit UGC. From 2012 to 2013, he served as Head of International Subsidiary Bank Division at Intesa Sanpaolo ISP Group. Since 2016, he has been the Executive Chairman of 441 Trust company, headquartered in London. In addition, he served as Board member of the Italian Stock Exchange and Vice Chairman of the local Young Entrepreneurs' Association.

Marina Brogi. Marina Brogi has served as a member of the Board of Directors of Impregilo (now Salini Impregilo) since 2012. She has a degree in Political Economics from Luigi Bocconi Commercial University of Milan and started her career as Researcher in Economics of Credit Institutions at "Luigi Bocconi" Commercial University of Milan. She was an Adjunct Professor of Economics of the Financial Markets at "La Sapienza" University in Rome from 1998 to 2007 and since 2007, she has held the position of Tenured Professor of Economics of Financial Intermediation; she currently teaches Disclosure, Governance and Capital Markets and International Banking in the MSc courses of the Faculty of Economics. In addition, she has served as Deputy Dean of the School of Economics since 2011. She currently serves as Independent Director of Luxottica Group S.p.A.; and Banco Desio e della Brianza; Chairperson of the Board of Statutory Auditors of Fratelli Branca Distillerie S.r.l. and Clessidra SGR; Chairman of the Oversight Committee of Credito Cooperativo Fiorentino Campi Bisenzio in LCA and of Cape Natixis SGR S.p.A.

Giuseppina Capaldo. Giuseppina Capaldo has served as a member of the Board of Directors of Impregilo (now Salini Impregilo) since 2012 and, since 2014, of Credito Fondiario S.p.A. She is Full Professor of Private Law at "La Sapienza" University of Rome. From 2012 to 2015, she was an independent Director of the Board of Directors of Exor S.p.A. From 2012 to 2015, she was a member of the Board of Directors of Ariscom S.p.A. (an Italian insurance company), and, from 2006 to 2010, of A.D.I.R.—Assicurazioni di Roma. From 2004 to 2007, she collaborated with the law firm "Macchi di Cellere Gangemi" in the Banking and Finance, Corporate and M&A sectors. Since 2014, she has been the Pro-rector of Resource and Asset Planning at "La Sapienza" University. Since 2009, she has been the Director of the Master's in "New rules for intermediaries, issuers and financial markets (*Le nuove regole per intermediari, emittenti e mercati finanziari*)". From 2008 to 2014, she was Pro-rector of Strategic Planning and, from 2007 to 2013, she was Director of the Law and Economics of Productive Activities Department. From 2007 to 2011, she was also Coordinator of the Doctorate School of "Contract Law and Business Economics". She graduated in Economics and in Law at "La Sapienza" University. In 1992, she qualified as a certified public accountant. Since 1999, she has been an Independent Auditor listed in the Italian Register of Independent Auditors. Moreover, since 2003, she has been a qualified lawyer who can practice in the Italian courts since 2003. She is the author of various publications on contract law, insurance law, financial law and market law theory.

Mario Giuseppe Cattaneo. Mario Giuseppe Cattaneo has served as a member of the Board of Directors of Impregilo (now Salini Impregilo) since July 2012. He has a degree in Economics and Business Administration from Luigi Bocconi Commercial University of Milan, is a licensed certified public accountant and is listed in the Register of Independent Auditors. He is Professor Emeritus of Corporate Finance at the Sacro Cuore Catholic University in Milan. He was Director of Luxottica S.p.A. and he currently serves as member of the Boards of Directors of Bracco S.p.A., and is a consultant for several industrial and financial groups.

Roberto Cera. Roberto Cera has served as a member of the Board of Directors of Impregilo (now, Salini Impregilo) since July 2012. He has a degree in Law from the Statale University in Milan and is licensed to practice law and is qualified to serve as counsel before higher-level courts. He has worked on major stock underwritings in Italy, as a consultant both to the underwriters and to the issuers, and is an expert in regular and structured debt transactions and acquisition financing in particular. He was involved in the organisation

and implementation of the most important M&A and extraordinary finance transactions of the last years. He served on the Board of Directors of Autostrade S.p.A., Atlantia S.p.A., Schemaventotto S.p.A. and Beni Stabili S.p.A. He serves on the Board of Directors of, *inter alia*, Salini Costruttori. After a 10-year experience at a prestigious law firm in Milan, in 1989, he founded the Cera Cappelletti law firm, a professional association active in Milan in extraordinary finance transactions and, in 1995, he contributed to the establishment of the Erede e Associati law firm. He was a founding partner of the BonelliErede (formerly Bonelli Erede Pappalardo) law firm, where he is currently a senior partner.

Nicola Greco. Nicola Greco has served as a member of the Board of Directors of Impregilo (now Salini Impregilo) since September 2013. He has a degree in Chemical Engineering from La Sapienza University of Rome and started his professional career in 1974 at Technipetrol (TPL) S.p.A., where he served in various capacities, including as Project Engineer and Project Manager, and was later named Deputy General Manager and, in 1994, CEO, a role that he kept until 2017. From 2007 to February 2016, he has served as CEO of the Permasteelisa Group; he is still currently part of its Board of Directors, and is the Chairman of Permasteelisa Participations. In the past, he also served as Director of Saipem S.p.A. until May 2014. He currently serves as a member of the Supervisory Board of Josef Gartner GmbH. He is Professor of Economics and Business Management at the Biomedical Campus University in Rome – School of Chemical Engineering for Sustainable Development

Pietro Guindani. Pietro Guindani has served as a member of the Board of Directors of Impregilo (now Salini Impregilo) since July 2012. He has been the Chairman of the Board of Directors of Vodafone Italia since 2008 where he served as Chief Financial Officer and Chief Executive Officer from 1995 to 2008. Previously, he worked in the Finance Department at Montedison and Olivetti, having started his career at Citibank following a degree from Bocconi University. He is also currently a Director and Chairman of the Sustainability and Scenarios Committee at ENI Spa, and a Director of the Italian Technology Institute and the Cefriel programme at Milan Politecnico. He is a board member of Confindustria, a member of the Executive Board of Confindustria Digitale and Assotelecomunicazioni, and Vice President for Universities, Innovation and Human Capital of Assolombarda.

Geert Linnebank. Geert Linnebank has served as a member of the Board of Directors of Impregilo (now Salini Impregilo) since July 2012. He started his professional career in 1979 as a reporter at Agence Europe S.A. and subsequently as a Correspondent for Belgium and EU Affairs at AP Dow Jones. From 1983 to 2006, he served in various top positions at Reuters Group Plc, including, among the most recent, Editor in Chief, Global Head of Content, Chairman of the Reuters Foundation and Senior Advisor to the CEO. He has been Chairman of ITN—Independent Television News, of which he was Acting CEO in 2009. Since 2015 he has served as a Trustee and Director of the Thomson Reuters Foundation and also of RISJ, the research institute on journalism and the mass media at the Department of Politics and International Relations of Oxford University.

Giacomo Marazzi. Giacomo Marazzi has served as a member of the Board of Directors of Impregilo (now Salini Impregilo) since September 2013. He has a degree in Economics and Business Administration from the University of Parma. From 1974 to 1992, he held important offices at the IVECO/FIAT Group, first as Manager of International Activities and later as General Manager of Iveco's Military Vehicle Division and Chief Executive Officer of Astra Veicoli Industriali S.p.A. He also served as Chief Executive Officer of Industria Cementi Giovanni Rossi S.p.A., Chairman of AITEC (Associazione Tecnico Economica del Cemento), President of Fondazione Cassa Risparmio Piacenza e Vigevano and Director of Beni Stabili Siiq S.p.A.

Franco Passacantando. Franco Passacantando has served as a member of the Board of Directors of Impregilo (now Salini Impregilo) since December 2013. He has a degree in Statistics from La Sapienza University of Rome and a Master of Arts in Economics from Stanford University. He is currently also an

expert member of the Board of the European Investment Bank, a professor at LUISS University, a senior fellow of the LUISS School of European Political Economy in Rome. He is a member of the Board of Directors of Euroclear (Plc and SA/NV) and Chairman of Società di Gestione del Risparmio Antirion. He has held several senior positions at the Bank of Italy where, as Central Director, he has been in charge of relations with international institutions and previously in charge of market operations, reserve management and payment systems. In his early years at the Bank of Italy, from 1976 to 1995, he held several positions in the Research Department, including that of Head of the Monetary Sector. He has also been involved in several projects in the area of payment systems. Acting on behalf of the Bank of Italy, he has been the Governor Deputy for the G20 and the G7, a member of the Economic and Financial Committee of the European Union, of various working groups and Committees at the OECD (WP3 and Financial Markets Committee) and the Bank for International Settlements (Committee on Payment and Settlement Systems).

Laudomia Pucci. Laudomia Pucci has served as a member of the Board of Directors of Impregilo (now Salini Impregilo) since 2012. She has a degree in Political Sciences from LUISS—Guido Carli University of Rome and she started her professional career in 1985 at Emilio Pucci S.r.l. From 1985 to 1989, she was an assistant to the company's founding shareholder; from 1989 to 2000, she was Chairperson of the Board of Directors and Chief Creative Officer. She currently serves as Deputy Chairperson and Image Manager. In addition, she is a member of the Steering Committee of Ente Cassa di Risparmio di Firenze, a Vice President and Director of Fondazione Altagamma, a member of the Board of Directors at Polimoda and the Palazzo Strozzi Foundation (United States of America).

Alessandro Salini. Alessandro Salini has a degree in Political Sciences from La Sapienza University of Rome and a Master of Arts in Administration, Finance and Control from LUISS – Guido Carli University of Rome. In 1987, he started to work in COGEFAR, which later became COGEFARIMPRESIT (FIAT Group), today Salini Impregilo. In 1993, he joined Salini Costruttori S.p.A. where he worked as Market Development and Special Projects Director. He also held a more “institutional” role within the European International Contractors (EIC) association, participating in work groups and holding the role of Board Member, to represent Italian building companies. Since 1994, he also is a Director of Salini Costruttori S.p.A., Salini S.p.A. and of other subsidiaries of the Salini Costruttori Group. He is currently a Board Director of Salini Costruttori S.p.A. and of other companies belonging to the Salini Costruttori Group. Mr Alessandro Salini is a member of FORT/WGFA (Wharton Global Family Alliance), and Managing Director of Sa.Par (Salini Partecipazioni), the family holding belonging to Francesco Saverio Salini.

Grazia Volo. Grazia Volo has a degree in Law from the University of Palermo. She has been a lawyer since 1975. Since 1993, she has been authorised to practice before Italy's highest courts. Grazia Volo is the founder and owner of a firm which bears her name, which is established as a professional partnership. The firm is specialised in criminal law, with specific expertise on corporate and financial offences, environmental crimes and offences against the public administration. Grazia Volo has gained extensive experience in judicial and extra-judicial counselling of large Italian companies, both private and public, including on corporate administrative liability under Legislative Decree 231/2001. The firm, which also specialises in crimes of opinion, has advised and represented various national journalistic publications (both print and broadcast).

The following table sets out the principal activities performed by the members of the Board of Directors outside of the Issuer and which are significant with respect to the Issuer.

Name	Company	Office
Alberto Giovannini	Lane Industries, Inc. Unifortune Asset Management SGR S.p.A.	Director Director

Name	Company	Office
	Unifortune Investment Management LTD Euro M.T.S. MTS MARKETS S.p.A. DTCC Deriv/Serv LLC DTCC Derivatives Repository Limited DTCC Data Repository (US)	Director Chairman Chairman Director Director Director
Pietro Salini	Salini Costruttori S.p.A. Lane Industries, Inc.	Chief Executive Officer Director
Marco Bolgiani	Banca Popolare di Vicenza S.p.A. 441 Trust Co. Ltd.	Director Executive Chairman
Marina Brogi	Clessidra SGR S.p.A. Luxottica Group S.p.A.	Director Director
Giuseppina Capaldo	Ferrari N.V. CREDITO FONDIARIO S.p.A.	Director Director
Mario Giuseppe Cattaneo	Bracco S.p.A.	Director
Roberto Cera	Salini Costruttori S.p.A.	Director
Nicola Greco	Permasteelisa S.p.A.	Director
Pietro Guindani	Vodafone Italia S.p.A. ENI S.p.A. Fineco Bank S.p.A.	Chairman of the Board of Directors Director Director
Geert Linnebank	Independent Television News LTD Cartesius Advisory Network AG-ZUG Referendum Facts LTD – London	Director Director Director
Giacomo Marazzi	Nothing to declare	
Franco Passacantando	Euroclear PLC Euroclear SA/NV Antirion SGR	Director Director Chairperson of the Board of Directors
Laudomia Pucci	Fashion Florence International S.r.l.	Chairperson of the Board of Directors

Name	Company	Office
Alessandro Salini	Salini Costruttori S.p.A.	Director
	Sa.Par. S.p.A.	Managing Director
Grazia Volo	Nothing to declare	

The business address of each member of the Issuer's Board of Directors is the registered office of Salini Impregilo: Via dei Missaglia, 97 - 20142 Milan, Italy.

Board Committees

Pursuant to Article 37 of the CONSOB's regulation No. 16191 of 29 October 2007, as amended (also known as the "Market Regulation"), the Issuer, in its capacity as a listed company which is subject to direction and co-ordination of another company pursuant to Articles 2497 *et seq.* of the Italian Civil Code, is required – *inter alia* – to establish committees which are to be entirely composed of independent directors (to the extent establishment of these committees is recommended by the Code of Self-Regulation, therefore excluding the Executive Committee).

The Issuer's Board of Directors has established the following Committees.

Compensation and Nominating Committee

The Compensation and Nominating Committee, established in furtherance of a recommendation of the Code of Self-Regulation, is entrusted with the authority to make proposals to the Board of Directors in relation to, *inter alia*: (i) the size and composition of the Board of Directors, as well as those skills that would enrich the Board's competence; (ii) the identification of possible nominees to replace, on a temporary basis, independent directors who have resigned; (iii) the remuneration policy of the managing directors, executive directors and other directors with special responsibilities and members of the senior management.

The Code of Self-Regulation entrusts such Committee, *inter alia*, with the authority to:

- submit the Report on Compensation to the Board of Directors, which will in turn make it available to, *inter alia*, the ordinary shareholders' meeting called to approve the financial statements;
- periodically evaluate the adequacy, overall consistency and application of the policies adopted for the remuneration of the executive officers;
- monitor the implementation of the resolutions adopted by the Board of Directors.

The Compensation and Nominating Committee is composed of the following members: (i) Marina Brogi (Chairman); (ii) Nicola Greco; (iii) Geert Linnebank; and (iv) Laudomia Pucci, all of whom were appointed by the Board of Directors on 30 April 2015.

Control and Risk Committee

The Risk and Control Committee, established in furtherance of a recommendation of the Code of Self-Regulation, is entrusted with the authority to ensure that the Board of Directors properly discharges its duty of care while conducting any assessments or adopting any decisions in relation to the internal control procedures, as well as while approving the year-end financial statements and the six-month interim reports.

Under the Code of Self-Regulation, such Committee is also responsible for performing, *inter alia*, the following activities:

- delivery of opinions to the Board of Directors as regards: (i) the preparation of guidelines applicable to internal controls, ensuring that the main risks relating to Salini Impregilo be properly identified and adequately measured, managed and monitored; (ii) an assessment on whether such risks are compatible with the management of the Company; (iii) an assessment, at least annually, of the adequacy and effectiveness of the internal control and risk management policies, in light of the characteristics of the Company; (iv) the approval, at least annually, of the working plan proposed by the internal audit group; (v) the analysis of the outcomes of the internal audit reports; (vi) the explanation and the assessment, in the Report on the Corporate Governance, of the main characteristics of the internal control and risk management policy; (vii) the assessment of the findings of the external auditors; (viii) the appointment, termination and compensation of the head of the internal audit;
- assessment, together with the Corporate Accounting Documents Officer and following the opinion of the Board of Statutory Auditors and the external auditors, of the proper use of the accounting principles and their consistency for the purpose of preparing the consolidated financial statements;
- delivery of an opinion on certain criteria that the Issuer uses to identify the principal corporate risks;
- review of the periodic reports on the internal control and risk management system, as well as those prepared by the internal audit group;
- monitoring of the autonomy, adequacy, efficiency and effectiveness of the internal audit process;
- submission of requests to the internal audit group to monitor specific operating areas; and
- reporting to the Board of Directors, at least semi-annually, on the identification of the main corporate risks and the implementation and management of the internal control and risk management system.

The Control and Risk Committee does not supervise the accounting audit process, a task that under Italian law is performed by the Board of Statutory Auditors (*Collegio Sindacale*).

The Control and Risk Committee is composed of the following members: (i) Mario Giuseppe Cattaneo (Chairman); (ii) Marco Bolgiani; (iii) Giuseppina Capaldo; (iv) Pietro Guindani; and (v) Franco Passacantando, all of whom were appointed by the Board of Directors on 30 April 2015.

Committee for Related – Party Transaction

The Committee for Related-Party Transactions has been established in compliance with CONSOB Resolution No. 17221 of 13 March 2010, as amended, and the policy adopted by the Issuer in this respect on 30 November 2010 and lastly amended on 11 November 2015 (the “**Related-Party Transaction Policy**”), to oversee certain transactions among Salini Impregilo and its related parties, as mandated under Italian corporate and securities laws.

The Committee for Related-Party Transactions is composed of the independent Director appointed by the minority shareholders, if any, and three independent Directors selected by the Board of Directors.

The Issuer’s Related-Party Transaction Policy applies to any “transactions” with “related parties”, which may be either a “material transaction” or a “non-material transaction”. Pursuant to the Related-Party Transaction Policy, any transfer of resources, services or obligations between the Company and one or more of its “related parties”, regardless of whether any consideration is paid, qualifies as a “transaction” and falls within its scope.

Under such Policy, the Issuer’s “related parties” are those indicated in the abovementioned CONSOB resolution No. 17721/2010 and include, *inter alia*, persons or entities that Salini Impregilo directly or indirectly controls, are controlled by or are subject to common control with the Group, as well as its affiliates, joint ventures in which the Issuer holds an interest, certain of its key-managers and key-managers of its parent

company and any of their close relatives or controlled entities. A transaction with related parties qualifies as “material” or “non-material”, depending on certain thresholds that are set forth in the Related-Party Transaction Policy.

Based on whether a transaction with a related party qualifies as a material one, different corporate procedures, all of which involve the Related-Party Transaction Policy, apply. In particular, such Committee is required to perform a preliminary transaction assessment and to issue either (i) a non-binding opinion, if the transaction is non-material, or (ii) a binding opinion, if the transaction is material.

If a transaction qualifies as material, it may be approved only by the entire Board of Directors (unless the transaction falls within the authority of the shareholders under corporate law), and the Committee for Related-Party Transactions must be actively involved from the preliminary stage of the transaction negotiations. In the event that the Board of Directors resolves to approve the transaction notwithstanding the contrary advice of the Committee, the approval of the transaction must be submitted to the shareholders. If the proposal is not approved by a majority of “non-related shareholders” (i.e. shareholders who are not parties to the transaction and who are not related parties to the Company or its counterparties to the transaction), provided that the non-related shareholders attending the relevant meeting represent at least 10 per cent. of the Issuer’s ordinary share capital, the transaction may not be consummated (this mechanism is referred to as “white-wash”).

The Committee for Related – Party Transactions is composed of the following members: (i) Marco Bolgiani (Chairman); (ii) Marina Brogi; (iii) Giuseppina Capaldo; and (iv) Geert Linnebank.

Board of Statutory Auditors

Pursuant to Article 29 of Salini Impregilo’s by-laws, the shareholders elect a Board of Statutory Auditors (*Collegio Sindacale*), consisting of three effective and two alternate statutory auditors. The members of the Board of Statutory Auditors remain in office for three accounting periods, until the date of the shareholders’ meeting that will be convened to approve the Issuer’s financial statements for the third year following their appointment. At the end of their term in office, the Statutory Auditors may be re-appointed. The remuneration of the Statutory Auditors is determined by shareholders at a general meeting at the time of their appointment for the entire duration of their term of office.

In accordance with the provisions of the ICFA, Article 29 of the Issuer’s by-laws provides that the shareholders elect the Board of Statutory Auditors on the basis of lists presented by shareholders who hold, at the time of the presentation, an interest at least equal to 2 per cent. of the share capital (or the lesser interest which may be provided by law), in accordance with the mechanism described therein.

Each statutory auditor must comply with the professionalism and integrity requirements provided by law. Pursuant to Article 148, paragraphs 3 and 4, of the ICFA, all members of the Board of Statutory Auditors must comply with special independence requirements. Furthermore, pursuant to Article 148, paragraph 1-*bis*, of the ICFA and implementing regulations and to the provisions of Law 12 July 2011, No. 120, at least one-third of the current effective Board members must be an expression of the under-represented gender. As of the date of this Prospectus, one of the Board out of the three effective members currently in office is a woman.

Under Italian law, the Board of Statutory Auditors must oversee the Issuer’s compliance with applicable laws and its by-laws, its proper administration, the adequacy of internal controls and accounting reporting systems as well as the adequacy of provisions concerning the supply of information by subsidiaries. For this purpose, each of the Statutory Auditors may carry out (together or individually) inspections and implement controls at Salini Impregilo. The Board of Statutory Auditors must meet at least every 90 days. The Board of Statutory Auditors may convene a shareholders’ meeting in case of neglect or unjustified delay by the Board of Directors. The Board of Statutory Auditors may also convene a shareholders’ meeting in the event that it identifies serious issues and the urgent need to take measures. Any shareholder may report to the Board of

Statutory Auditors any circumstance that is considered to be critical. If so requested by shareholders representing at least one-twentieth of Salini Impregilo's share capital, the Board of Statutory Auditors must investigate without delay and submit its conclusions and any proposals to a shareholders' meeting.

The members of the Board of Statutory Auditors are required to be present at meetings of the Board of Directors, the established Committees and the shareholders' meetings. Statutory Auditors who do not attend shareholders' meetings without justification, or – during each fiscal year – two meetings of the Board of Directors, forfeit their office.

At least one effective member and one alternate member must be chosen among registered auditors. The remaining members, if they are not registered auditors, must be chosen among persons registered with professional registries that are established by the Italian Minister of Justice, or among university professors of economics or law.

The current Board of Statutory Auditors of the Issuer is composed of the following three effective auditors:

Name	Position	Term
Giacinto Gaetano Sarubbi	Chairman	Until the shareholders' meeting convened to approve the Issuer's financial statements for the Financial Year ended 31 December 2019
Alessandro Trotter	Effective Auditor	Until the shareholders' meeting convened to approve the Issuer's financial statements for the Financial Year ended 31 December 2019
Teresa Cristiana Naddeo	Effective Auditor	Until the shareholders' meeting convened to approve the Issuer's financial statements for the Financial Year ended 31 December 2019

Alternate auditors are Piero Nodaro and Roberto Cassader.

All members of the Board of Statutory Auditors were appointed by shareholders on 27 April 2017.

The principal business activities, experience and other principal directorships, if any, of each of the Issuer's effective Statutory Auditors are summarised below.

Giacinto Gaetano Sarubbi. Giacinto Gaetano Sarubbi was appointed as Statutory Auditor of the Company on 27 April 2017. He has a degree in Business Administration and is a Certified Public Accountant and Technical Advisor for the Milan Law-Court. He is registered as a certified Public Accountant of Milan (Italian Ministerial Decree of April 12, 1995, published on the Official Gazette no. 31 bis of April 21, 1995). He carried out – both as the owner of his consulting services firm and as partner and CEO of important international companies of the auditing and company consulting services sectors – tax and corporate consultancy activities, and activities relating to corporate organisation and industrial accountancy activities for various companies with share capital, also working at an international level. He currently is Chairperson of the Board of Statutory Auditors of A2A S.p.A., and Statutory Auditor and Chairperson of the Board of Directors of other companies.

Alessandro Trotter. Alessandro Trotter has served as Statutory Auditor of Impregilo (now Salini Impregilo) since April 2011 and as Chairman of the Board of Statutory Auditors in the period from July 2012 to April 2017. He has a degree in Economics and Business Administration from the Catholic University of Milan and has been licensed to practice as a certified public accountant since 1967 and is listed in the Register of

Independent Auditors. In January 1974, he founded his own professional services firm in Milan. This firm provides consulting services to Italian and international clients in the industrial, banking and services sectors. He served as Statutory Auditor and Chairman of the Board of Statutory Auditors of numerous companies and banks, including Atlantia S.p.A., Autotrade per l'Italia S.p.A., Igli S.p.A., PGAM S.p.A.—(Pioneer) and UniCredit Banca S.p.A. He was a Director of Banca Agricola Milanese, Banca Popolare di Milano and Deputy Chairman of Centrobanca S.p.A. and Chairman of Italfondiario S.p.A. until the end of 2000, as well as Statutory Auditor and Managing Director of Mediobanca S.p.A. He currently serves as Chairman of the Board of Statutory Auditors of V.T.S. (j.v. IBM – UniCredit), Infoblu S.p.A., Gilead Sciences S.r.l., Credito Fondiario S.p.A., Società Autostrada Tirrenica S.p.A. He was also Chairman of the Board of Monza's Board of Certified Public Accountants from 1989 to 1998.

Teresa Cristina Naddeo. Teresa Cristina Naddeo has served as Statutory Auditor of the Company since April 2014. She has a Degree in Economics and Business Studies from the University of Turin and has been licensed to practice as a certified public accountant since 1982 and is listed in the Register of Independent Auditors. From 1982 to 1989 she served as Head of Banks and Financial Intermediaries of Arthur Andersen; from 1990 to 1996 she was General Manager of Finance and Control of FIDA – CRTorino Group and she also served as a member of the Board of Directors of PFM Finanziaria S.p.A. and Zenit SGR S.p.A. from 1996 to 2012. She currently served as tax adviser providing consulting activities. She is listed in the Italian Association of Public Accountants Register and is member of the Register of Tax Advisors and of the Association of Accountants.

Name	Company	Office
Giacinto Gaetano Sarubbi	A2A S.p.A.	Chairman Board Statutory Auditors
	QuattroR SGR S.p.A.	Chairman Board Statutory Auditors
	Esercizi Aeroportuali SEA S.p.A.	Statutory Auditor
	SEA Handling S.p.A. in liquidazione	Statutory Auditor
	Lega Calcio Service S.p.A.	Statutory Auditor
	Sigma Business Management S.r.l.	Chairman Board of Directors
	Mattel Italy S.r.l.	External Auditor
Alessandro Trotter	ePIC SIM S.p.A.	Chairman Board Statutory Auditors
	Gilead Sciences S.r.l.	Chairman Board Statutory Auditors
	EuroTLX S.p.A.	Chairman Board Statutory Auditors
	Infoblu S.p.A.	Chairman Board Statutory Auditors
	Rotolito Lombarda S.p.A.	Chairman Board Statutory Auditors
	Societa Autostrada Tirrenica S.p.A.	Statutory Auditor
	Centurione 2007 S.r.l. in liquidation	Liquidator
	Value Transformations Services S.p.A.	Chairman Board Statutory Auditors
	Pavimental S.p.A.	Chairman Board Statutory Auditors

	Innova Italy I S.p.A.	Chairman Board Statutory Auditors
Teresa Cristiana Naddeo	TXTe Solution S.p.A.	Member of the Board of Directors
	TXTe Solution S.p.A.	Chairwoman of the risk committee
	TXTe Solution S.p.A.	Member of the Remuneration Committee
	Ligestra Quattro S.r.l.	Chairwoman Board Statutory Auditors
	Gardena Capital LTD	Director

The business address of each member of the Issuer's Board of Statutory Auditors is the registered office of Salini Impregilo: Via dei Missaglia, 97 - 20142 Milan, Italy.

Conflict of interests

As of the date of this Prospectus, to the best of the Issuer's knowledge, none of the Salini Impregilo's directors and statutory auditors nor any of the Issuer's principal officers has conflicts of interests between his/her duties to the Issuer and his/her private interests and/or other duties.

Without prejudice to the above, for the sake of completeness:

- Pietro Salini serves as CEO of the Issuer and as CEO of Salini Costruttori S.p.A.;
- Roberto Cera serves as director of the Issuer and as director of Salini Costruttori S.p.A.; furthermore, he is partner of BonelliErede, the law firm providing legal assistance to the Issuer in relation to the issue of the Notes;
- Alessandro Salini serves as director of the Issuer and as director of Salini Costruttori S.p.A.

External Auditors

Under Italian law, the Issuer is required to appoint an external auditor to audit its financial statements and consolidated financial statements.

Following the expiry of the term of engagement which had been formerly assigned to PricewaterhouseCoopers S.p.A. in 2006 and further extended, on 30 April 2015, the general shareholders' meeting of Salini Impregilo agreed on the proposal of the Board of Statutory Auditors to appoint KPMG S.p.A. as external auditors of the Issuer for the years from 2015 to 2023. The change in external auditors was made pursuant to Italian regulation which limits the duration of appointment of the external auditor. Because of the applicable Italian regulation, the Issuer did not seek to renew the contract with PricewaterhouseCoopers SpA when it expired and PricewaterhouseCoopers S.p.A. declined to stand for a further appointment. The general shareholders' meeting also resolved upon the remuneration of the external auditor for their entire term of office and the terms upon which their remuneration may be adjusted.

The role and responsibilities of the external auditors are set out, *inter alia*, by Legislative Decree 27 January 2010, No. 39.

Internal control and risk management system

The scope of the internal control and risk management system in relation to the financial reporting process (the "System") is to ensure the credibility, accuracy, reliability and timeliness of financial reporting. Salini Impregilo has designed, implemented, monitored and updated its System over time in accordance with guidelines based on international frameworks and best international practices. These guidelines have been

specified to comply with the characteristics of the Issuer and its operating units that contribute to financial reporting (both those for the parent and the Group), considering that the Group is composed of entities that are separate in legal terms from the parent for the purposes of the financial reporting referred to herein. Specifically, the Group is composed of legally separate entities (e.g. Italian and foreign companies) and entities that, although they are not legally separate from the parent under Italian law (e.g. foreign branches), have their own administrative and organisational structures and produce their financial reporting independently due to their industrial characteristics. Accordingly and based on the logic underlying the reference model, the group defined the criteria to ensure the System's actual application. These criteria provide for the dissemination of the application procedures, the training of the personnel involved in the different stages of the process and a monitoring plan whereby the effective use of the application procedures is checked and any developments and integrations necessary due to the wide-ranging operating scope in which the Group works are identified. The model, with the appropriate adaptations, is currently being updated and implementation following the changes to the organisational structure made as a result of the merger.

The bodies involved in the internal control and risk management system are the following.

Board of Directors

The Board of Directors acts as a guide and assesses the System's adequacy using the information provided directly by the Director in charge of the internal control and risk management system, the Control and Risk Committee, the Board of Statutory Auditors, as the internal control and audit committee, and the Manager in charge of financial reporting.

The CEO, in his capacity as the Director in charge of the internal control and risk management system

In accordance with the provisions of the Self-Regulation Code, the Issuer's Board of Directors has identified the CEO as the Director in charge of the internal control and risk management system, with the following role and responsibilities:

- supervising the identification of the key business risks (strategic, operating, financial and compliance), considering the activities carried out by the Issuer and its subsidiaries, and presentation to the Board on a regular basis;
- implementation of the guidelines established by the Board of Directors and manages the previously designed and created internal control and risk management system, checking its overall adequacy and effectiveness on an ongoing basis, with the assistance of the chief internal auditor;
- adaptation of the System to reflect operating conditions and the legislative and regulatory framework, with the assistance of the Chief Internal Auditor (see the description below in this "*Corporate Governance*" section);
- requests to the internal audit unit to perform checks of specific operating areas and the compliance with internal rules and procedures during business activities (when necessary); information flows to the Chairman of the Board of Directors, the Control and Risk Committee and the Board of Statutory Auditors, respectively;
- prompt reporting to the Board of Directors about the checks requested by the internal audit unit.

The Control and Risk Committee

See the description above in this "*Corporate Governance*" section.

The Group Risk Officer

To strengthen the internal controls and risk management system, the Issuer has defined and implemented a risk management framework, which it keeps up-to-date, extended to all group operating companies with a view to identifying, assessing, managing and monitoring risks in accordance with industry best practices.

The risk management framework is designed to assist senior management with strategic and commercial planning and operations through the analysis of relevant factors for the business and the local contexts in which the Issuer operates, facilitating the identification and monitoring of related risks.

During 2016, activities focused on the development and introduction of tools aimed at managing some material risks, such as country risk and counterparty risk, by concentrating on the clients, partners and subcontractors. The Issuer also concurrently developed a method to chart and periodically monitor its risk exposure aimed at ensuring its risk profile's consistency with the defined strategic objectives (through risk planning and assessment).

These instruments employed in the Issuer's core processes assist management to direct activities through tailored analyses and by questioning decisions to strengthen informed decision-making. Thanks to its activities and development of the existing framework, the Issuer assesses the current risk profile and identifies management strategies to deal with the more material risks, which are managed through specific measures.

The Group Chief Risk Officer is in charge of the Risk Management Function, with "second level" control functions related, in particular, to the following activities:

- identification and monitoring, in consultation with the management (Risk Owners) and in support of the Director in charge of the Internal Control and Risk Management System, of the risk factors that are relevant to the Group, ensuring the implementation of risk mapping and assessment as well as monitoring of mitigation actions taken by the Risk Owners.
- support in strategic and commercial planning, proposing to the corresponding guidelines as well as the company's risk appetite to the competent bodies;
- support in operations, with a view to achieving the strategic goals defined in the Business Plan;
- assurance as to the adequacy and consistency of the risk management framework adopted through the development and the appropriate updating of the risk model and methodologies and tools for effective risk management;
- support in the creation and dissemination of a risk culture throughout the Group.

The Chief Internal & Compliance Auditor

The role of the Chief Internal & Compliance Auditor is to monitor and verify the adequacy, effectiveness and correct operation of the internal audit system.

The Issuer's Chief Internal & Compliance Auditor, *inter alia*:

- checks, on an ongoing basis and in response to specific requirements, in compliance with international standards, that the internal audit and risk management system operates correctly and appropriately, through an audit plan approved by the Board of Directors, based on a structured process for the analysis and prioritisation of key risks;
- has direct access to all information needed to perform the role;

- draws up regular reports containing adequate information on his or her activities, the methods used to manage risk and compliance with the plans drawn up to contain risk. The reports assess the fitness for purpose of the internal audit and risk management system;
- draws up timely reports on particularly significant events;
- forwards the abovementioned reports to the chairmen of the Board of Statutory Auditors, the Internal Audit & Risks Committee and the Board of Directors, as well as the director responsible for the internal audit and risk management system;
- with reference to the audit plan, verifies the reliability of the information systems including the accounting systems.

The Designated Accounting Officer

Pursuant to Article 26 of the by-laws, as required by the provisions of the ICFA, the Board of Directors appoints and may dismiss, based on input provided by the Board of Statutory Auditors, an officer responsible for the preparation of corporate accounting documents (*Dirigente preposto alla redazione dei documenti contabili societari*) (the Designated Accounting Officer), determining the length of his/her term of office and compensation.

In view of his/her responsibilities, the Designated Accounting Officer has to meet certain professional requirements set out in the Issuer's by-laws.

The current Designated Accounting Officer is Massimo Ferrari, whose principal responsibility is the certification of any accounting information which is published by the Issuer. In light of his commitment, the Designated Accounting Officer procures that adequate administrative and accounting procedures and policies are adopted for the preparation of the Issuer's stand-alone and consolidated financial statements and of any financial notice of Salini Impregilo. Furthermore, the Designated Accounting Officer is granted:

- direct access to all the information needed to generate accounting data;
- unlimited use of the internal communication channels that ensure the delivery of correct intercompany information;
- independent organisation of his operating unit, with regard both to staff and technical means (materials, IT resources and other types of resources);
- attendance at meetings of the Board of Directors and the Executive Committee (if appointed), particularly in the case of meetings dealing with issues that affect the activities and responsibilities of the Designated Accounting Officer;
- power to request support from external consultants, when justified by special circumstances;
- interaction and exchange of information with parties responsible for control activities, with the aim of ensuring, in addition to the ongoing mapping of risks and processes, an adequate monitoring of the correct implementation of administrative and accounting procedures.

The Board of Statutory Auditors

The Board of Statutory Auditors takes part in the meetings of the Control and Risk Committee. It also revises the reports provided by the Chief Internal Auditor and the head of the compliance function. Furthermore, the Board of Statutory Auditors provides information to the Board of Directors on the System's adequacy.

The External Auditors

See the description above in this “*Corporate Governance*” section.

The Integrity Board

The Legislative Decree 8 June 2001, No. 231, as amended, introduced a regime of quasi-criminal liability applicable to legal entities doing business in Italy (this regime is called of quasi-criminal liability as it involves rules and sanctions that are different from those applicable to individuals).

Under Decree 231, any of the Group companies may be held liable for crimes (including corruption, fraud against the state, corporate offenses and insider trading, environmental crimes and crimes relating to health and safety conditions in workplaces) that are committed or attempted, in its interest or for its benefit, by individuals having a functional relationship with any of these Group companies. When a crime subject to Decree 231 is committed, both the individual who commits the crime and the entity in the interest, or for the benefit of which, it is committed are subject to trial.

Quasi-criminal sanctions applicable to companies may include, also depending on the relevance of the criminal offence and the degree of inadequacy of the measures adopted to prevent that offence, either, the shut-down of a company’s business, the suspension or cancellation of its licenses and permits, the prohibition to contract with public entities, the ineligibility for special schemes, financing or subsidies, a ban on the marketing of goods or services or seizures of profits arising from the crime and economic sanctions. Under certain circumstances, Decree 231 also applies when the above-mentioned offences are committed outside of Italy.

If a crime subject to Decree 231 is committed by an individual within one of the Salini Impregilo Group companies, the Issuer may avoid sanctions if it can prove that, among other things, the relevant Group company has adopted and effectively implemented, before the crime was committed, the so-called “Model 231” (i.e. a model providing for organisational and operational controls that are suitable to prevent crimes that are similar in nature to the crime that was committed) (the “**Model 231**”).

As of the date of this Prospectus, each of the Issuer and its principal Italian subsidiaries have adopted such model, which was lastly updated on 13 September 2017.

In compliance with the provisions of the Decree 231, as amended, the Issuer set up a specific integrity board (also known as “*Organismo di Vigilanza*”, the **Integrity Board**) with the task of constantly monitoring the effective operation and compliance with the Model 231, and its updating, proposing to the Board of Directors those changes and/or additions where it deems appropriate.

The members of the Integrity Board must meet at all times certain requirements of integrity, professionalism, autonomy and independence set out in the Group’s Organizational and Management Policy. The Integrity Board must consist, solely or for the majority of its members, of individuals with no roles, other than those of member of the integrity board of board of statutory auditors, within the Issuer or other companies of the Group.

The Integrity Board shall comprise at least three members, of which:

- two or more members not belonging to the personnel of the Issuer;
- one member who is the person in charge of the internal audit of the Issuer.

The Integrity Board is appointed by the Board of Directors and its members remain in office for three years or until the appointment of the new Integrity Board, regardless of any expiration or early termination of the

Board of Directors by which it has been appointed. The Board of Directors also appoints the Chairman of the Integrity Board, selected among the members not belonging to the personnel of the Issuer.

The Integrity Board has autonomous powers of initiative and control within the Issuer, so as to efficiently perform its duties. In particular, the Integrity Board is granted neither any powers of management and decision-making relating to running the Issuer, nor those of altering the corporate structure or imposing sanction. On the contrary, the Integrity Board is attributed the duty to supervise the functioning and compliance with the Issuer's Model 231, and to update it if deemed appropriate.

As a result, the Integrity Board is given, *inter alia*, the following duties and powers to:

- check the efficiency, effectiveness and the adequacy of the Model 231 with regard to the prevention of the commission of the offenses listed under the Decree 231, and to promptly propose any update to the Board of Directors;
- determine, on the basis of the analysis of information it receives, the compliance with the Code of Ethics, rules of conduct, the prevention protocols and procedures established under the Model 231;
- carry out periodic inspections in accordance with the Integrity Board Rules of Procedures;
- propose to the competent body the infliction of the appropriate sanctions in case a violation is detected;
- monitor the establishment of training programmes for personnel relating to the Model 231 and the Code of Ethics of the Issuer;
- timely inform the competent corporate bodies in case it has knowledge of information which may be deemed of interest for such bodies;
- access, also without notice, any organisational units in order to request and obtain information, documents and data deemed necessary for carrying out the activities set out in the Model 231;
- seek and obtain information or the production of documents from the Board of Directors, Board of Statutory Auditors and the external auditors, in relation to sensitive activities, where necessary;
- seek and obtain information or the production of documents from employees, consultants, agents of the Issuer and, more generally, from all parties required to comply with the Model 231, in relation to sensitive activities, provided that such power is expressly stated in the contracts or mandates signed by those parties with the Issuer;
- seek and obtain information from the integrity boards of the other companies of the Group;
- ask for the assistance and support of the compliance division and of external consultants for issues of particular complexity or requiring specific expertise.

The Integrity Board performs its functions in co-ordination, where appropriate, with the competent corporate divisions with regard to the interpretation and monitoring of the specific regulatory framework related to the market in which the Issuer operates. The Integrity Board also co-ordinates with the corporate divisions involved in sensitive activities for all aspects related to the implementation of the Policy.

As of the date of this Prospectus, the members of the Integrity Board are: (i) Ugo Lecis (Chairman); (ii) Giacomo Marazzi (Acting Member, Independent Director); (iii) Francesco Albieri (Acting Member, Chief Internal Auditor).

The Anti-Corruption Compliance System

As part of the Group's aim to comply with the best international practices in its risk control functions, and in light of the Group's periodic review of its internal controls system, on 16 June 2014 the Board approved an anti-corruption model (the "**Anti-Corruption Model**"), with the intent of providing a systematic reference framework of regulatory instruments and anti-corruption policies implementing the Group's Model 231.

Accordingly, the Issuer implemented its anti-corruption compliance system (the "**Anti-Corruption Compliance System**") with an aim to prevent active and passive corruption, in particular, for offers or requests for money, advantages and/or other benefits, or payments, made or received, by any party acting in the name or on behalf of the Issuer in relation to business activities, ensuring compliance with anti-corruption applicable legislation.

The Anti-Corruption Compliance System consists of the following documents and activities:

- the preparation, updating and application of the Anti-Corruption Model;
- the adoption of an Anti-corruption Policy;
- the implementation of specific controls, in accordance with detailed guidelines ("Evaluation of Relevant Third Parties and "Third Parties" Benefit Management") and procedures, in order to define roles and responsibilities and to provide operating instructions in relation to procedures and control tools under the abovementioned documents;
- the establishment of an anti-corruption legal support unit, within the Issuer's Compliance Function;
- the definition of a dedicated sanctions system;
- the establishment of a whistleblowing system meant to facilitate and encourage reporting of alleged violations of the anti-corruption principles.

Salini Impregilo, as the parent company, encourages adoption of the Anti-Corruption Compliance System by the Group companies and other entities other than subsidiaries (consortia, joint ventures, etc.) in which the Issuer holds an interest.

The Anti-Corruption Compliance System meets certain international standards, which allowed the Issuer to obtain the UNI: ISO 37001 certification in July 2017, based on the audit carried out by an independent entity (namely Rina Services S.p.A.).

PRINCIPAL SHAREHOLDERS

As of 31 December 2016, the issued and paid-in share capital of the Issuer is €544,740,000, divided into 493,788,182 shares with no par value, comprising of 492,172,691 ordinary shares and 1,615,491 savings shares.

As of 17 October 2017, based on the Issuer's corporate records and other available public information, the sole shareholder whose interest in the Issuer's ordinary share capital exceeds 2 per cent. is Salini Costruttori, which owns approximately 66.46 per cent. of Salini Impregilo's ordinary shares. Salini Costruttori exercises a *de jure* control over Salini Impregilo and directs and co-ordinates the activities of the Issuer pursuant to Articles 2497 *et seq.* of the Italian Civil Code.

The principal shareholder of Salini Costruttori is Salini Simonpietro e C. S.a.p.a., a company that is, in turn, controlled by Mr Simonpietro Salini, in his capacity as the controlling unlimited partner (*socio*

accomandatario) of that company. Therefore, Mr Simonpietro Salini is the ultimate shareholder in the Salini Impregilo's control chain.

In addition to the ordinary shares, also the Issuer's savings shares are listed on the MTA organised and managed by the Italian Stock Exchange. Savings shares are not entitled the right to vote in ordinary and extraordinary shareholder's meetings and therefore are not calculated for any quorums. Holders of Salini Impregilo savings shares are entitled to receive dividends in priority to holders of ordinary shares. In particular, holders of savings shares have a right to receive up to 5 per cent. of €5.20 per share (equal to €0.26 per share) from distributable dividends prior to any payments made to holders of the Issuer's ordinary shares. In addition, if in any fiscal year the holders of savings shares receive a dividend of less than the one referred to above, the difference will be accumulated and added to the preferred dividends to be paid to them in the following two fiscal years.

To the Issuer's knowledge, no shareholder agreements are in force in relation to the Issuer's shares.

EMPLOYEES

As at 30 June 2017, the Salini Impregilo Group had 35,027 employees, of which 1,932 (corresponding to approximately 5 per cent.) were located in Italy and the remaining 33,095 (corresponding to approximately 95 per cent.) abroad.

The Group's multinational and multi-ethnic characteristics are emphasised by its presence in more than 50 countries and its employment of personnel from approximately 100 different countries, distributed as follows based on continent of origin:

Continent	Employees as at 30 June 2017	%	Employees as at 30 June 2016	%
Africa	13,987	39.9	15,073	45.0
Americas	9,308	26.6	7,565	22.6
Asia	7,874	22.5	6,857	20.4
Europe	3,591	10.3	3,880	11.6
Australia	267	0.8	156	0.5
Total	35,027	100.0	33,531	100.0

LITIGATION AND ARBITRATION PROCEEDINGS

The Issuer is subject to a number of claims, and is party to a number of legal and arbitration proceedings, in the normal course of its business, including civil and criminal proceedings, in various jurisdictions, relating to, among other things, non-payment, alleged default and/or non-completion of construction projects, violations of environmental laws and regulations, shortcomings in its organisational, management and control model adopted pursuant to Decree 231, labour, employment and tax matters. The Issuer analyses legal risks and makes provisions for risks and charges where there are legal obligations for which it is likely that funds will be disbursed to meet such obligations and where it is possible to make a reliable estimate of the amount.

The Issuer has provisioned reserves for legal disputes, tax provisions and other provisions, whose amount is, and will continue to be, adjusted on the basis of discussions with the Issuer's legal advisers to assess the

probability of loss and the potential amount of any such contingent liabilities. As at 30 June 2017, the Issuer had “provisions for risks and charges” (*fondo rischi e oneri*) totaling €100.5 million, it being understood that these provisions also cover other possible contingent liabilities that are not related to litigation.

The following is a description of the most significant legal proceedings in which the Group is currently involved.

Campania Project/FIBE litigation

The Issuer is involved in a complex litigation relating to the construction and management of seven urban solid waste disposal plants and two waste to energy plants in Naples and other provinces of the Region of Campania in Italy (together, the “**Campania Project**”). In 2000, a joint venture (*associazione temporanea di imprese*, “**ATI**”) entered into two agreements relating to the Campania project (the “**Campania Agreements**”). The Campania Agreements were subsequently assigned to two newly established special purpose vehicles (FIBE S.p.A. (“**FIBE**”), which is now almost wholly-owned by the Group and FIBE Campania S.p.A. (“**FIBE Campania**”, which subsequently merged into FIBE in 2009, together, the “**FIBE SPVs**”)).

In 2001, shortly after the execution of the Campania Agreements, the City of Naples and the Region of Campania experienced a waste disposal crisis, which was primarily caused by: (i) failure to implement pre-scheduled waste sorting and collection activities in the Region of Campania (which was an essential precondition for the project), (ii) inadequate provision of landfill areas by government authorities and (iii) delays in the building of the waste to energy plants (the construction of the second power plant never began) due to, amongst other things, an occupation of the work sites by protesters (collectively, the “**Naples Waste Crisis**”). In December 2005, in light of these circumstances, the Campania Agreements were terminated by Italian law pursuant to the provisions set forth in Law Decree no. 245 of November 30, 2005 (subsequently converted into Law no. 21 of January 27, 2006) (the “**Contract Termination Law**”). Between December 2005 and July 2008, pursuant to the Contract Termination Law (as subsequently amended), the FIBE SPVs were ordered to manage the urban solid waste treatment services in the Region of Campania on an interim basis, under the direction and “on behalf and in the exclusive interest” (as set forth in a decision of the Regional Administrative Court of Lazio on 23 July 2008) of the extraordinary government commissioner appointed to deal with the Naples Waste Crisis (the “**Commissioner**”). Despite being required to continue to manage these services, the FIBE SPVs have not been paid for these services by the Commissioner, and, as of 31 December 2016, the Group has net receivables from the Commissioner and related public entities (net of interest which will only be calculated when the receivable and provisional payments are paid and) of approximately €109 million (which relates to outstanding activities as of 15 December 2005 to December 2016).

In 2009, the construction of the waste to energy plant of Acerra was completed as part of the Campania Project. The Prime Minister’s decree of 16 February 2012 transferred the Acerra power plant to the Region of Campania and on 1 June 2012, payment of €355.6 million was made to FIBE for the Acerra plant. In March 2013, the Italian Supreme Court, in a final and non-appealable judgment, ordered the Italian Government to pay to FIBE approximately €240.0 million (approximately €204.7 million for the reimbursement of costs borne by FIBE in connection with the construction of the seven waste disposal plants and legal interest in the amount of approximately €35.0 million). FIBE had previously requested a payment of approximately €285.0 million. Approximately €240.0 million has been paid and FIBE has applied for injunctive relief (opposed by the Italian Government) to compel payment of the outstanding amount. In connection with the Naples Waste Crisis, the FIBE SPVs and their respective employees became subject to several civil, administrative and criminal proceedings. The principal proceedings currently pending are described below.

First civil proceedings

The Commissioner claimed damages against FIBE, FIBE Campania and FISIA Italimpianti S.p.A. (“**FISIA Italimpianti**”) before the Tribunal of Naples for approximately €1,750.0 million in total damages, consisting of the following claims:

1. in 2005, a first claim was made for approximately €43.5 million for costs allegedly borne by the Commissioner for the disposal of non-combustible urban solid waste;
2. in 2006, a second claim was made for approximately €415.0 million of which:
 - approximately €400.0 million related to costs allegedly borne by the Commissioner for the disposal of stored urban solid waste; and
 - approximately €15.0 million related to additional costs allegedly borne by the Commissioner for the disposal of non-combustible urban solid waste; and
3. in 2007, a third claim was made for approximately €1,300.0 million, of which:
 - approximately €300.0 million related to costs allegedly borne by the Commissioner for the disposal of stored combustible urban solid waste; and
 - approximately €1,000.0 million related to reputational damages allegedly suffered by the Campania Region in connection with the Naples Waste Crisis.

The Group has responded to these claims and counterclaimed for approximately €2,150.0 million in damages, of which:

- approximately €650.0 million related to damages, additional costs and payments for services rendered during the contract period; and
- approximately €1,500.0 million related to reputational damages.

These proceedings together are referred to as the “First Civil Proceedings”. In April 2011, the Tribunal of Naples declared the jurisdiction of the administrative court over such proceedings. However, the Commissioner appealed, and the adjudication is currently pending before the Court of Appeal of Naples. The decision of the Court of Appeal confirming the jurisdiction of the civil court may be appealed, under certain circumstances, to the Italian Supreme Court. If such appeal is unsuccessful, the First Civil Proceedings may proceed before the administrative court of first instance, and any decision of such administrative court of first instance may be then appealed, first to the administrative court of second instance (*Consiglio di Stato*) and then, under certain circumstances, to the Italian Supreme Court.

Second civil proceedings

FS Logistica (formerly Ecolog, an entity unrelated to the Group, which held a contract with the Commissioner for the carriage of waste by train outside of Italy) brought civil proceeding for injunctive relief against the Italian Government for the payment of €103.0 million for fees due for urban solid waste carriage service rendered by FS Logistica between 2001 and 2008. The claim was made through a summary procedure and was brought against the Office of the Prime Minister. FIBE was summoned to these proceedings and filed a counterclaim for the payment of expenses it had incurred during its operation of the concession. The judge allowed a court-ordered technical expert’s report in relation to the claims of FS Logistica and adjourned the hearing to 31 March 2016. The parties filed a settlement agreement and requested an extension to complete the settlement procedure. The hearing has been deferred to allow the settlement agreement to be finalised and the claim between FS Logistica and the Office of the Prime Minister to be settled. The proceedings involving FS Logistica, Fibe and the Office of the Prime Minister are ongoing.

Third civil proceedings

On 30 November 2015, FIBE and the Issuer claimed damages against the Commissioner for the early termination of the Campania Agreements, ordered by the Contract Termination Law, before the Tribunal of Rome for approximately €1.570 million in total damages, consisting of the following claims:

- fees for the waste collection services rendered under the Campania Agreements already net of the offset required/claimed by Commissioner (see “Other administrative proceedings” below) for €87.3 million;
- profit for the management of urban solid waste treatment services in Campania in the period after the Agreement termination for €34.5 million;
- profit on the terminated Agreements for €1,535.5 million and damages for Group “loss of chance” to be evaluated during the proceedings; and
- as an alternative to the last request, €431 million as reimbursement of the additional costs incurred during the contractual period and as a consequence of the contract termination, of the civil works not yet paid and as recognition of the penalties in the event of early termination of the contract.

The Commissioner has responded to these claims and counterclaimed for approximately €845 million in damages, already requested in other existing proceedings. The court has appointed an expert for an appraisal of the consistency of the damages claimed by FIBE and the Issuer, on one side, and the Commissioner, on the other side.

The proceeding is still pending in first instance.

Other civil proceedings

FIBE is involved in the following additional civil proceedings:

- several municipalities in the Campania region brought an action for damages related to services rendered by FIBE during the contract management period in order to avoid paying FIBE the fees for waste disposal. The proceedings are in progress and the Issuer does not expect that an adverse decision would have a material effect on the Group;
- S.A.P.N.A. S.p.A., a local company set up by Naples provincial authorities, brought an action challenging its takeover of title to certain landfills and temporary sites for the storage of waste and seeking payment from FIBE and/or the Italian government for the costs incurred to date and in the future in the management of these storage sites. The Regional Administrative Court of Campania issued some decisions which rejected S.A.P.N.A. S.p.A.’s claims in their entirety. Other proceedings are still in progress and the Issuer does not expect that an adverse decision would have a material effect on the Group; and
- a number of suppliers have disputed certain activities performed by FIBE in the period after termination of the contract. However, since FIBE played a role as “mere executor on behalf of the government commissioner”, FIBE is evaluating the claims and paying its suppliers, and is requiring repayment of sums paid from the Italian government. The proceedings are in progress and the Issuer does not expect that an adverse decision would have a material effect on the Group. Finally, the public administration has recently commenced proceedings challenging Fibe’s actions in relation to receivables and payables arising from the “contractual phase”. Although these are separate from the other proceedings described above, they refer to the same claims filed by FIBE in the administrative courts and which are still currently in progress.

FIBE does not believe that the allegations in these civil proceedings, including those brought by the Commissioner as described above, have any merit and intends to continue to defend its rights.

Administrative proceedings - Domizio - Flegrea

In 2012, the Regional Administrative Court of Lazio ordered FIBE to survey certain sites managed by FIBE in the Campania region (Domizio - Flegrea area) and to undertake measures to clean such sites that it alleged were polluted by FIBE's operation of urban solid waste stocking sites. Failure to comply with such order could give rise to potential criminal proceedings pursuant to Decree 231. FIBE complied with the order, reserved the right to be repaid all costs, and appealed the order to the Regional Administrative Court of Lazio. FIBE contends that the decision and order were based on an incorrect interpretation of the facts since the decision refers to pollution affecting sites where FIBE was neither conducting nor responsible for works.

In September 2013, FIBE and the Commissioner entered into an agreement in order to supervise the measures taken by FIBE to clean the polluted site. The first step of the procedure is to verify the pollution and, if polluted, to determine the measures to be taken. Only after this determination, which remains in progress, will it be possible to evaluate further actions. The appeal before the administrative court is still pending. FIBE does not believe that the allegations have any merit and intends to continue to defend its rights.

Other administrative proceedings

In addition, the FIBE SPVs are involved in the following administrative proceedings relating to the Campania Project:

- In 2014, in an administrative proceeding before the Regional Administrative Court of Lazio, an expert appointed by the court established that approximately €120.7 million is due to FIBE as fees for the waste collection services rendered under the Campania Agreements. The extraordinary commissioner claimed a set-off of €33.4 million. Such amounts have not yet been paid to FIBE. This proceeding is still pending in first instance.
- In 2014, in an administrative proceeding before the Regional Administrative Court of Lazio, an expert appointed by the court established that approximately €21.0 million is due to FIBE for the management of urban solid waste treatment services in Campania in the period between 16 December 2005 and 31 December 2007. FIBE claimed an additional amount of approximately €29.1 million for the management of such services during the same period, still to be evaluated by the expert. This proceeding is still pending in first instance.

Criminal proceedings

Certain directors and senior managers of the Group, Salini Impregilo and other companies of the Group are involved in criminal proceedings for alleged fraudulent behaviour related to the Campania Project, including alleged violations of Decree 231. In November 2013, the Tribunal of Naples acquitted all such directors and top managers, but, in March 2014, this acquittal was appealed by the Naples public prosecutor. The Group does not believe that these allegations have merit and intends to defend its rights on appeal. In connection with such criminal proceedings, assets of the Group of a value of approximately €750.0 million were seized. The Group has contested such seizures and the assets have been progressively released and all such measures have been revoked.

Other criminal proceedings

In 2008, a criminal investigation began involving certain managers and employees of FIBE, FIBE Campania and FISIA Ambiente, as well as a number of managers at the Commissioner's office. Allegations included

alleged fraudulent behaviour and violations of environmental laws, supposedly occurred after the termination of the Campania Agreements pursuant to the Contract Termination Law.

FISIA Ambiente and FIBE were investigated as a result of their alleged liability under Decree 231. In December 2009, the Tribunal of Naples did not accept jurisdiction and ordered the action transferred to the Tribunal of Rome; in turn, the Tribunal of Rome asked the Italian Supreme Court to confirm which of the two courts involved had jurisdiction. In 2012, the Italian Supreme Court held that the Tribunal of Rome had jurisdiction over the case. The proceeding is currently pending in the first instance. In 2011, another criminal proceeding commenced against FIBE (under Decree 231) and certain FIBE managers for having allegedly delivered urban solid waste to disposal facilities without the required permits or technical qualifications. On 19 May 2014, the Judge in the preliminary hearing at the Tribunal of Naples did not accept jurisdiction and ordered the proceedings to be transferred to the Tribunal of Rome.

On 13 April 2015, the Public Prosecutor requested the dismissal of all charges for all the defendants. On 17 January 2017, the Preliminary Investigations Judge ordered the case to be closed in relation to these individuals, whilst the claims about the alleged administrative offences committed by the companies were transferred to the public prosecutor for filing with the attorney general. FIBE and the Group do not believe that these allegations have any merit and intend to continue to vigorously defend their rights.

Panama Canal Project litigation

On 11 August 2009, Grupo Unidos Por el Canal S.A. (“GUPC”), a group of which the Issuer owns a 38.4 per cent. economic interest, entered into an agreement (the “**Contract**”) with the Autoridad del Canal de Panama (the “ACP”), a Panamanian governmental entity, to construct the third set of locks for the expansion of the Panama Canal (the “**Panama Canal Project**”). The Issuer, and the other shareholders of GUPC (the leader of the project Sacyr Vallehermoso, S.A. of Spain, Jan De Nul N.V. of Belgium, and Constructora Urbana, S.A. of Panama, collectively, along with Salini Impregilo, the “**GUPC Shareholders**”) are jointly and severally liable for, and have guaranteed, the due and punctual completion of the Panama Canal Project by GUPC. Zurich American Insurance Co. (“Zurich”) has issued a performance bond securing GUPC’s performance of its obligations to ACP in the amount of USD400.0 million. With regard to this project, a number of critical issues arose during the first stage of full-scale production which, due to their specific characteristics and the materiality of the work to which they relate, made it necessary to significantly negatively revise the estimates on which the early phases of the project had been based. The most critical issues related, inter alia, to the geological characteristics of the excavation areas, specifically with respect to the raw materials required to produce concrete and the processing of such raw materials during normal production activities. Additional problems arose due to the adoption by the client of operational and management procedures substantially different from those contractually agreed, specifically with regard to the processes for the approval of technical and design solutions suggested by the contractor. These facts, which were the subject of specific disclosures in previous reports published by the Group, continued in 2013 and 2014. Faced with the client’s consistent refusal to act in accordance with the contractually provided mechanisms for dispute resolution, the contractor (and thus also the original contractor partners) was forced to acknowledge that it was no longer possible to continue the construction activities needed to complete the project, as doing so would be at its full and exclusive risk, and involve undertaking the full financial burden of the project without any guarantee that the client would participate in negotiations with the counterparty. In this context, at the end of 2013, formal notice was sent to the client to inform it of the intention to immediately suspend work unless it agreed to address the dispute in accordance with the contractually-agreed approach based on good faith and the willingness of all parties to reach a reasonable agreement.

Negotiations between the parties, supported by the respective consultants and legal/contract experts, took place in February 2014 and, on 13 March 2014, an agreement was signed. The key terms of the agreement provided that GUPC would resume works and functionally complete them by 31 December 2015, while ACP

and certain contractor companies agreed to provide financial support for the works to be finished up to a maximum of about USD1.4 billion. ACP met these obligations by granting a moratorium on the refunding of already disbursed contractual advances totalling about USD800 million and disbursing additional advances amounting to USD100 million. The group of contractor companies met their obligations by directly disbursing USD100 million and additional financial resources, through the conversion into cash of existing contractual guarantees totalling USD400 million.

A - The disputes before the Dispute Adjudication Board (DAB)

At the end of 2014, the DAB (Dispute Adjudication Board), established by the parties pursuant to the contract, granted GUPC an extension of time of 176 days and an amount of USD244 million for the extra costs, as per the claims presented as Referral 11, of which USD233 million was paid in early 2015 and a further USD10 million in the last quarter of that year. In December 2015 and January 2016, the DAB accepted the claims made by GUPC on three separate occasions (Referrals 13B, 13C and 13D) of USD6.2 million, USD24.7 million and USD11.2 million. In addition, on 20 June 2016, the DAB approved another USD2.7 million with the decision about the claim presented as Referral 14D. On 20 July 2016, the DAB issued two decisions in GUPC's favour: (i) that related to Referral 14B for the Testing and Laboratory Services subcontract in which it agreed with the contractor and awarded the GUPC another USD6.4 million; (ii) that referred to Referral 14C - Dewatering of Excavations, where it found in favour of the GUPC's claim and that it had the right to receive USD0.2 million.

The DAB rejected the GUPC's claim about the unforeseen faults and fissures in its decision of 26 July 2016 about Referral 13A by majority vote. This claim was based on similar assumptions to those of Referral 11 and the DAB's decision (passed by majority vote) is thus contradictory to that announced for Referral 11, as shown also by the dissenting opinion of one of its three members. The GUPC expressed its dissatisfaction with this decision and its claim was subsequently included in those being heard as part of another pending hearing (see the second arbitration).

Finally, with respect to Referral 14A in relation to the physical and geological conditions of the area around the sides of the reservoir and some storage areas, the DAB's decision of 26 January 2017 (passed by majority vote) (i) rejected most of the claim made by the GUPC based on similar assumptions to those of Referrals 11 and 13A and (ii) found that GUPC was entitled to a fee of roughly USD4 million compared to the requested amount of USD114 million. One of the DAB members presented a dissenting opinion and the GUPC intends to file its dissatisfaction shortly and commence the related arbitration proceedings.

As the DAB has not communicated a decision about the other claims within the contractual timeframe, they will be subject to arbitration.

B - Pending arbitration

There are a number of separate arbitration hearings ongoing before the International Chamber of Commerce between GUPC (with its European partners Sacyr, Salini Impregilo and Jan De Nul) and the ACP.

The first relates to the Cofferdam dispute which was decided with a dissenting opinion rejecting GUPC's claims.

The second hearing covers DAB's decisions about the claims about the inadequate quality of the basalt compared to the quality guaranteed by ACP, and the lengthy delays caused by ACP to approve the design formula for the concrete mix. After the initial stage of proceedings, was concluded in favour of GUPC and an award was given confirming the arbitration tribunal competence to rule on the damages incurred by the individual members of the consortium, the merits hearing commenced. In June 2016, GUPC and its partners filed their brief as part of the first of the two exchanges of briefs.

The third hearing relates to the extra costs incurred by the GUPC due to certain unjustified conditions imposed by ACP for the design of the lock gates and other claims about labour costs.

The fourth hearing involves sundry claims mentioned in the completion certification. Both of these hearings, commenced on 8 December 2016, and are still at an initial stage (only the original process has been filed). The arbitration tribunals have not yet been constituted and no information is available at present about the hearing dates.

There is also a dispute about the contractual advances due to ACP for which a fifth arbitration hearing has just commenced and constitution of the tribunal has started. As the outcome of this recently-commenced arbitration hearing is uncertain, the Group cannot yet make any firm assessments about it.

On 26 June 2016, the Panama Canal Project was officially opened.

Eurolink litigation

In March 2006, Impregilo S.p.A., in its capacity as lead contractor (with a 45 per cent. interest) of a Temporary Business Association (subsequently incorporated into the Eurolink Consortium), entered into an agreement with Stretto di Messina S.p.A. to entrust to the general contractor the final and executive design for the construction of a bridge over the Strait of Messina, with the related roadway and railway connections. A pool of banks granted the Temporary Business Association with the funding required by the agreement, by means of credit facilities totalling €250 million. In addition, the client was guaranteed with performance bonds of €239 million. A reduction of the credit facility up to €20 million was approved in 2010.

In September 2009, Stretto di Messina S.p.A. and Eurolink S.c.p.A. (Eurolink) entered into an addendum to the original agreement in order to take into account the suspensions that have occurred to the project since its beginning.

The project's final design was submitted to the client and, on 29 July 2011, approved by the Board of Directors of Stretto di Messina S.p.A.

On 2 November 2012, Law Decree no. 187 (Decree 187), concerning "*Urgent measures for the renegotiation of the contracts with Stretto di Messina S.p.A. and for local public transport*", was issued. Decree 187 required, *inter alia*, the execution of an additional agreement between Stretto di Messina S.p.A. and Eurolink and the suspension of the original agreement entered into between Eurolink and Stretto di Messina S.p.A. Eurolink exercised its withdrawal from the agreement and claimed for the payment of the activities already carried out and of the expenses, in addition to an amount as indemnification.

Notwithstanding further discussions between Eurolink and Stretto di Messina S.p.A., negotiations were unsuccessful.

Eurolink started several legal proceedings in Italy and in front of European institutions, related to the violation by the provisions of Law Decree 187 of the Italian Constitution and of European treaties, and claiming the payment of amounts by Stretto di Messina S.p.A. due to the termination of the agreement.

In November 2013, the European Commission communicated its decision to suspend the proceedings, as no treaties were violated, and confirmed its decision in January 2014.

As regards the civil proceedings in front of the Italian Courts, the Issuer and all the members of Eurolink have jointly and severally claimed Stretto di Messina be ordered to pay the amounts due to the termination of the agreements.

After completion of the investigation phase, the Judge referred the case to the Third Civil Chamber of the Rome Court for the first level ruling. In the meantime, before the investigation phase was completed, Stretto

di Messina brought an action before the Supreme Court under article 41 of the Italian Code of Civil Procedure for a preliminary ruling on the question of the Rome Civil Court's lack of jurisdiction. Awaiting the re-examination of issue of jurisdiction and the request for suspension, the proceedings are pending before the court.

Orastie-Sibiu highway litigation

Salini Impregilo has been operating in Romania since July 2011 following the beginning of the highway Orastie-Sibiu section (Lot 3) project and more recently, in July 2013, for the Lot 2 of another highway section between the cities of Lugoj and Deva. The project, commissioned by Compania Nationala de Autostrazi si Drumuri Nationale din Romania (CNADNR), was 85 per cent. financed by EU structural funds and by the Romanian Government for the remaining 15 per cent.

On 13 January 2016, when the completion percentage of the project was approximately 99.9 per cent., following several disputes between the parties, CNADNR unilaterally terminated the Orastie-Sibiu agreement, alleging breaches by the Issuer. The Issuer challenged such resolution, which management believes to be unfounded, and a dispute between the parties is currently being heard by the International Court of Arbitration at the International Chamber of Commerce.

The Issuer, supported by its legal and technical counsels, does not believe that the counterparty's allegations have any merit and that the amounts recognised as contract work in progress and loans and receivables at 30 June 2017, inclusive of requests for additional consideration also part of the claim, can be collected and intends to continue vigorously defending its rights.

Copenhagen Cityringen

As a result of critical issues about this project related to its specific features and the significance of the works, the Group has had to significantly revise the cost estimates for the early stages of this project and consequently filed claims towards the client in the course of 2015. Such claims related to the construction of the concrete works. Following negotiations with the client and assisted by their consultants and technical/legal advisors, the parties signed an interim agreement on 30 December 2016, paving the way towards finalisation of the claim settlement agreement and enabling the Group to collect €145 million on the same date. It also provided that a contractually-agreed arbitration procedure will take place to settle other contractual items and end the dispute.

The Group has recognised all the significant costs to complete the contract, partly offset by the additional consideration claimed from the client, to be decided upon by the arbitration tribunal, calculated on the basis that the Group is reasonably certain its claims will be upheld, based on the opinions of its technical and legal advisors. However, it cannot exclude that events may take place in the future that cannot currently be foreseen and that these could make it necessary to change its valuations.

CAVTOMI Consortium (Turin-Milan High-speed/High Capacity Line)

Fiat (now FCA N.V.), in its capacity as the general contractor of the contract agreement concerning the Turin-Milan High speed/High capacity railway line - sub-section Novara-Milan, has the obligation to manage the claims registered by the General Contractor CAVTOMI Consortium ("Cavtomi Consortium"), in which Salini Impregilo holds an interest equal to 74.69 per cent., against the client Rete Ferroviaria Italiana ("RFI").

In light of the above, on 18 April 2008, Fiat started contractual arbitration proceedings against RFI claiming, in particular, damages for the delays in activities, non-achievement of early completion bonus also due to the client and higher consideration. On 9 July 2013, the Court of Arbitration handed down an award in favour of Fiat, condemning RFI to pay an amount of approximately €187 million (of which about €185 million to Cavtomi Consortium).

On September 2013, RFI appealed the award before the Court of Appeals of Rome and, in October 2013, paid the amount due to Fiat, which paid the relevant amount to Cavtom Consortium in December 2013.

On 23 September 2015, the Court of Appeals of Rome cancelled a large part of the aforementioned arbitration award. FCA appealed such decision in front of the Italian Supreme Court.

FCA and RFI then reached an agreement based on which FCA provided RFI with the following guarantees in order to prevent execution of the Court of Appeals' decision, without prejudice to the parties' rights which are subject to final judgment: (i) payment of an amount of approximately €66 million (€49 million for the Issuer); and (ii) issue, to RFI, of a bank security of €100 million (€75 million for the Issuer).

Cavtom Consortium, supported by its legal counsels, considers its actions to be grounded and intends to continue to vigorously defend its rights.

Rome subway litigation

The Issuer, also in its capacity as lead contractor of the Temporary Business Association for the construction of the project for the B1 line of Rome subway, started three legal proceedings against Roma Metropolitane S.r.l. and Roma Capitale claiming payments for services rendered during the contract period.

The Rome Court's ruling of 22 August 2016 settled the first level proceedings involving the claims made for the Bologna-Conca d'Oro section and partly accepted the joint venture's requests, ordering Roma Metropolitane S.r.l. to pay €10,607,683.91, plus VAT and related costs to the relevant consortium.

The joint venture commenced the necessary actions to collect the receivable based on this temporary enforceable ruling. It also presented an appeal for the award of a greater amount.

The second proceeding relates to the first set of claims for the Conca d'Oro-Jonio section and judgment is pending.

The third proceeding, refers to the second and last set of claims for the Conca d'Oro-Jonio section, was commenced in September 2016 and is currently at the initial stages.

The Issuer's management, also supported by its legal and technical advisers, considers the company's actions to be grounded and intends to continue vigorously defending its rights.

Piscinola-Secondigliano subway litigation

During the second half of 2011, construction of structures for the Piscinola-Secondigliano railway section, part of a project to modernise the Naples-Alifana railway, carried out by Todini, was suspended due to the failure of the client Metrocampania Nordest S.r.l. (now Ente Autonomo Volturno) to pay the consideration owed for the activities.

The Ministry of Infrastructures and Transportation, in accordance with the provisions of Law Decree 22 June 2012 no. 83 (converted into Law 7 August 2012 no. 134), appointed an *ad acta* Commissioner with the aim of, among others, developing a plan to cover the ascertained deficit.

The Commissioner is reported to have completed the investigative and planning phase and is now expected to announce his subsequent determinations.

In order to allow the Commissioner to carry out his activities, Law Decree 22 June 2012 no. 83 provided that no actions claiming payments may be started or pursued against any company owned by the regional administration that operates railway transportation services for a 12-month period from the entry into force of such Law Decree (a deadline that has been extended several times and recently confirmed until 31 December 2016 by article 41.5 of Decree law no. 133/2014).

Nevertheless, Todini started all necessary actions that it deemed necessary to obtain satisfaction of its rights.

On 30 June 2014, Todini notified the client of the transfer to Salini Impregilo of its rights towards Ente Autonomo Volturno.

During 2014, the client made partial payments of approximately €8.5 million to Todini. The client also requested to resolve the dispute concerning the implementation of the lot Naples-Alifana railway (Secondigliano-Di Vittorio), commissioned to a Temporary Business Association of which Todini is the lead contractor.

Negotiations commenced to finalise the dispute about the Piscinolo - Secondigliano section led to the signing of a settlement agreement on 20 February 2017, covering:

- payment to the consortium of €18,093,692.62 as accrued unpaid consideration and to settle the reserves recorded in the accounting books, which Ente Autonomo Volturno will pay in two instalments in March and June 2017;
- recommencement by the consortium of part of the works after payment of the first instalment and commencement of the other works in December 2017; and
- completion of the works by March 2019.

Negotiations to settle the dispute relating to the Secondigliano-Di Vittorio section have been finalised with the signing of a settlement agreement on 29 June 2017, covering:

- payment to the consortium of €2,500,000.00 as a final settlement of any claims made by the joint venture for the delayed receipt of its profits and damages due to the contract's irregular performance by 20 October 2017; and
- recommencement by the consortium of the works, which never really started, and their completion within 30 months.

Highway A1 Milano-Napoli (La Quercia-Aglio) litigation

In June 2011, the Florence Public Prosecutor, at the end of an investigation launched in 2005, charged some employees/senior managers of Todini with environmental crimes related to the construction of the Variante di Valico.

On 5 November 2012, the Judge in the preliminary hearing ruled for some of the alleged crimes to be lapsed.

On 26 March 2013, before the Court of Florence, the Italian Ministry of the Environment joined the proceeding as plaintiff seeking damages from Todini, Autostrade per l'Italia S.p.A., and the other contractors involved, claiming damages for an amount of approximately €810 million.

The investigation phase began in January 2014 and is still ongoing.

The Group denies having any responsibility for the dispute raised, emphasising its completely lawful behaviour and that the allegations of criminality are groundless, also objecting the high quantum of the damages claim filed by the Ministry of the Environment, which does not appear to be compliant with Italian laws and European Directive No. 2004/35/EC (on environmental liability with regard to the prevention and remedying of environmental damage). In this regard, the European Commission started infringement proceedings against Italy in 2007 (No. 2007/4679), which was confirmed on 27 January 2012 issuing an opinion, which recently resulted in the adoption, with Law 6 August 2013 No. 97, of amendments to the Legislative Decree 3 April 2006 no. 152 (so called Uniform Environmental Code), which eliminated the non-compliant provisions from the text of Article 311.

Based also on the opinion of its counsel, the Group believes that the above-mentioned claim is groundless and, consequently, that the risk of the claim being granted is remote. Consequently, management did not find it necessary to recognise a specific provision in the financial statements.

Sesto San Giovanni building litigation

In 2009, as a result of the transfer of the Issuer's registered office from Sesto San Giovanni (Milan) to the current Milan office, a dispute started with the Immobiliare Lombarda S.p.A., as lessor of the building where the head office was located. In December 2012, the arbitrator ordered the Issuer to pay rent for the entire duration of the lease expiring in July 2012.

The decision was challenged before the Milan Court of Appeals, and the proceedings are currently pending.

The Issuer, by virtue of the provisions of the agreement executed with Immobiliare Lombarda S.p.A., in its capacity as the original lessor of the premises where the head office is currently located, is entitled to be held harmless from any claim made by the previous lessor for any amount exceeding €8 million. Such right has been already exercised by means of a payment injunction issued by the Court of Milan and challenged by Immobiliare Lombarda S.p.A. However, while the proceedings are still ongoing, the opposing party paid the full amount of the claim.

Ente Acque Umbre Toscane (Imprepar) litigation

On 29 December 2010, the Group was informed that a part of the Montedoglio dam (Arezzo) was damaged. In January 2011, the Umbria-Tuscany Irrigation Authority (now Ente Acque Umbre Toscane) informed the subsidiary Impregilo Partecipazioni S.p.A. (Imprepar) that investigations and tests were being carried out to ascertain the reasons and responsibility for the damage.

Imprepar informed Ente Acque Umbre Toscane that the activities related to the damaged structures were carried out by another company during 1979 and 1980, and from which Impregilo (at that time COGEFAR) only took over the relevant contract in 1984. In addition, the structures had been tested and inspected in the past with positive outcomes. In its response to the Ente Acque Umbre Toscane, Imprepar explained that it was not liable for any damages, also based on the opinion of counsel.

During 2012, the management of the Ente Acque Umbre Toscane and the project manager signed a service order requesting the contractor to immediately prepare executive designs and start the related work at its own expense and under its own responsibility. Imprepar challenged these actions, even though the amounts involved were not material.

The judge ordered a technical appraisal by a Court-appointed expert to determine the causes of the dam's damages. In June 2015, the Court-appointed expert's report was filed, ascribing the causes of the damages to various factors on a percentage basis: design deficiencies 20 per cent., execution deficiencies 60 per cent.; and control deficiencies 20 per cent..

The proceedings are still ongoing.

Consorzio Con.Fe.Mi./Ferrovienord S.p.A. (Imprepar)

In 2005, the Milan Court found the 1988 contract between the Confemi Consortium (in which Imprepar S.p.A. (fully controlled by the Issuer) had an 18.26 per cent. share) and Ferrovie Nord Milano S.p.A. (FNME) for the construction of the quadrupling of the Saronno-Malpensa railway section to be void due to corruption. The Court ordered that the consortium was to return the difference of approximately €44 million between the amounts received and the value of the works performed, as well as interest calculated on the payments made. In 2011, the Milan Appeal Court substantially confirmed these amounts. While awaiting the appeal ruling, Confermi and FNME signed an agreement in 2008 deferring enforcement of the ruling until it had been

passed res judicata and establishing an amount of €6 million for the party that will be found guilty, as well as Confermi's right to request return of approximately €3 million previously paid to FNME.

On 10 May 2017, the Supreme Court handed down its ruling no. 11446/17 which (i) rejected Confermi's main appeal and (ii) accepted the first and second part of FNME's counter appeal (damage to its reputation and return by Confermi of the amounts collected as part of the review of all the contractual prices – an increase of 25 per cent. - allocated by Confemi by the judges who heard the merits case). The Supreme Court also dismissed the Milan Appeal Court's ruling for the accepted reasons and deferred judgement about payment of the amounts of point (ii) to the same Appeal Court.

On 24 October 2014, FNME commenced a new proceeding at the Milan Court in relation to the alleged joint liability of the consortium members together with Confemi. The Group's interest in the consortium had been obtained as a result of the parent's acquisition of the business unit related to the contract from Lodigiani S.p.A. (which also included the voided contract). Impregilo transferred its interest in Confemi to Imprepar in 2001 as part of the contribution of a business unit. Both Salini Impregilo and Imprepar have been summonsed by FNME.

Investigation by Public Prosecutor of Monza

Following the proceedings initiated by the Public Prosecutor of the Court of Monza, in which the former Chairman of the Board of Directors and the Chief Executive Officer of Impregilo are being investigated, preliminary investigations were started towards Impregilo.

The alleged crimes are related to the adopted organisational model, which is deemed unsuitable to prevent the execution of crimes by officers involved in the investigation, from which the Company is alleged to have benefitted.

The Court in first instance acquitted the Company and, in March 2012, the Court of Appeals of Milan confirmed the decision, after the acquittal was appealed by the Public Prosecutor.

The Public Prosecutor appealed this decision in front of the Italian Supreme Court, which annulled the decision of the Court of Appeals of Milan, returning the proceedings to a different section of the same Court for a new review.

The Court of Appeals of Milan, in the hearing of 19 November 2014, acquitted Impregilo.

COCIV Litigation

In September 2014, RFI S.p.A. notified COCIV Consortium (in which the Issuer holds a majority stake) its writ of summons claiming the invalidity of the inter partes arbitral decision of June 2013, and asking for the restitution of approximately €108 million (approximately €74 million for Salini Impregilo) from COCIV Consortium.

The COCIV Consortium appeared in court and a date of 24 May 2018 has been set for clarification of the conclusions.

On 26 October 2016, some managers and employees of COCIV Consortium were arrested as were other persons (including the chairman of Reggio Calabria - Scilla S.C.p.A., a subsidiary of the Issuer, who promptly resigned). The above two legal entities were informed that the Genoa and Rome public prosecutors are investigating alleged obstruction of public tender procedures, corruption and, in some cases, criminal organisation. Specifically, the proceeding before the Genoa Court (involving COCIV Consortium managers and employees) covers alleged obstruction of public tender procedures for supplies or works on individual lots, in respect of which the public prosecutor has informed the Issuer's CEO, Pietro Salini, that he is under investigation, as well as two cases of corruption. The proceeding before the Rome Court relates to the alleged

active corruption of works management in order to encourage the works manager (who is also under investigation) to perform acts contrary to its official duties.

As a precautionary measure and to demonstrate a clean break with the past and full collaboration with the authorities, COCIV Consortium has implemented the following measures and actions:

- replacement of the individuals involved in the proceedings and withdrawal of their proxies;
- dismissal or suspension of individuals involved in the proceedings;
- ban of individuals involved in the proceedings from accessing work premises or corporate email or any document archives;
- termination of all the contracts in respect of which the orders of pre-trial detention showed improper behaviours;
- cancellation of all ongoing tenders and of an awarded tender, in order to renew them after a clear-cut break with the past;
- termination of the contract with the works management service provider and temporary appointment, with the consent of RFI S.p.A., of two experts to perform this service, while communicating its willingness to transfer this duty (currently carried out by the COCIV Consortium as per the contract) to the client, as per its request. As a result of the agreement entered into with RFI S.p.A. on 2 May 2017, it appointed ITALFERR as the works manager; and
- on 19 January 2017, appointment by RFI S.p.A., upon COCIV Consortium's request, of a person identified by it to participate in the tender boards for the work that COCIV Consortium should assign under EU procedures.

On 11 January 2017, as part of the proceedings commenced on 16 November 2016, ANAC sent the Genoa Prefecture a proposal for adoption of the extraordinary measures pursuant to article 32 of Decree law no. 90/14 against COCIV Consortium. On 3 March 2017, the Rome Prefecture issued its decree of the same date appointing a commissioner for the extraordinary and temporary administrative management of COCIV Consortium in accordance with article 32.1.b) of Decree law no. 90 of 24 June 2014, converted with amendments by Law no. 114 of 11 August 2014 for a six-month period, extended to January 2018.

On 31 January 2017, the Rome public prosecutor notified the completion of the preliminary investigations of the individuals involved in the alleged crimes of criminal organisation, as well as COCIV Consortium and Reggio Calabria - Scilla S.C.p.A. for the administrative offence as per articles 5 and 25 of Legislative decree no. 231/01. The preliminary hearing has been held, and the proceedings are in their initial phase. The consortium deems that the crimes allegedly committed by its personnel (should they be found guilty by the court) were to its detriment and were essentially committed in their own interests (and, hence, not in the consortium's interest) by fraudulently circumventing the rules in place to control its activities. Moreover, these alleged offences would not have required RFI S.p.A. to pay a larger or undue amount or create economic benefits for the consortium but rather would have required COCIV Consortium to pay higher costs. The consortium's new structure (senior management and operating personnel) is committed to ensuring that the works can continue while concurrently dealing with the social and employment issues arising from the discontinuity measures that the consortium has had to put in place vis-à-vis the third party companies involved in the legal proceedings.

The consortium has carefully checked the quality of the materials used in works previously carried out although this is not an issue raised by the public prosecutors. Its results are wholly in line with the findings of the expert appointed by the Genoa court which found the full compliance of the materials used by the consortium with the quality levels specified in the contracts and relevant legislation.

At present, the Group does not have information that would allow it to assess whether any potential developments could require modifications to the assessments made to date or the probability or scope of such developments.

The COCIV Consortium is qualified as a subsidiary and is consolidated on a line-by-line basis.

Tax litigation

On 6 November 2007, the Italian tax authorities challenged the tax treatment of impairment losses pertaining to companies belonging to the Group, in particular in relation to the transfer of shares held at the time in Sociedad Concessionaria Costanera Norte S.A. for the fiscal year 2003. In particular, the authorities claimed payment by the Issuer of approximately €54.2 million (such amount including the taxes allegedly unpaid, interests and sanctions). In October 2008, the provincial tax court (*Commissione Tributaria Provinciale*) in first instance, ruled in favour of the Italian tax authorities. In September 2009, the regional tax court (*Commissione Tributaria Regionale*) in second instance reversed the decision of the provincial tax court. The Italian tax authorities appealed the second instance ruling in November 2010 and the case is pending before the Italian Supreme Court.

Icelandic branch

In relation to the completed contract for the construction of a hydroelectric plant in Karanjukar (Iceland), a dispute arose with the Icelandic tax authorities in 2004 about the party required to act as the withholding agent for the remuneration of foreign temporary workers at the building site. Salini Impregilo was initially held responsible for the payment of the withholdings on this remuneration, which it therefore paid. Following the definitive ruling of the first level court, the Issuer's claims were upheld in full. The local authorities subsequently commenced new proceedings in relation to the same issue. The Supreme Court rejected the Issuer's claims in its ruling handed down in February 2010, in conflict with a previous ruling issued in 2007 on the same matter by the same judicial authority. The Issuer had expected to be refunded the paid withholdings of €6.9 million (at the original exchange rate). After the last ruling, the Issuer took legal action at international level (appeal presented to the EFTA Surveillance Authority on 22 June 2010) and, as far as possible, again at local level, submitting that the last ruling issued by the Icelandic Supreme Court is unlawful both in respect of local legislative and international agreements regulating trade relations between the EFTA countries and international conventions which do not allow application of discriminatory treatments to foreign parties (individuals and companies) working in other EFTA countries. On 8 February 2012, the EFTA Surveillance Authority sent the Icelandic government a communication notifying the infraction of the free exchange of services and requested the government to provide its observations about this. In April 2013, the EFTA Surveillance Authority issued its documented opinion finding the Icelandic legislation to be inconsistent with the regulations covering trade relations between the member countries with respect to the regulations for the above dispute. It requested that Iceland take steps to comply with these regulations. Accordingly, the Issuer requested the case be re-examined locally and engaged legal advisers to assess whether to take further action at international level.

Imprepar

The Milan Regional Tax Commission filed a ruling on the IRES assessment notices for 2006/2007/2008 received by the subsidiary Imprepar at the end of March 2015 cancelling all the main findings notified by the tax authorities on the assessment notices for 2006 and 2007 for €12 million. In November 2015, the tax authorities appealed against the Milan Regional Tax Commission before the Supreme Court and Imprepar filed its defence brief in December.

FIBE

As disclosed in previous reports, FIBE has a pending dispute about the local property tax (ICI) on the Acerra waste-to-energy plant. In January 2013, the subsidiary received tax assessment notices from the Acerra municipality with respect to the waste-to-energy plant, which requested payment of local property tax and related penalties for approximately €14.3 million for the years 2009-2011. The amount requested by the Municipality and challenged by FIBE was confirmed as far as its applicability but reduced in terms of its amount and penalties by the Naples Regional Tax Commission, so that the original payment orders issued were cancelled.

HCE

The hearing for the appeal against the tax claims for the years from 2014 to 2016 about the assessed taxability of transferred funds used to cover costs incurred for works tendered in Ukraine is pending. As management believes these claims to be groundless, the Issuer has challenged the related ruling. The first level Court has rejected almost 90 per cent. of the local tax Authorities requests.

Other

The Issuer is also subject to a variety of other claims and suits that arise from time to time in the ordinary course of its business. Although the Issuer currently believes that settling claims against itself, individually or in aggregate, will not have a material adverse impact on its financial statements, these matters are subject to inherent uncertainties and the Issuer's view of these matters may change in the future.

FINANCING

As of 31 December 2016, the aggregate outstanding indebtedness of the Issuer was €2.3 billion. The key financing agreements entered into by the Issuer are summarised below.

EUR 267,087,544 term facility agreement

On 10 December 2013, Salini S.p.A. (now the Issuer) entered into a €425,000,000 term facility agreement, as amended and restated on 16 April 2015 with a pool comprising six banks (the "**2013 Term Facility Agreement**") for the purpose of, *inter alia*, refinancing a portion of the indebtedness of the Salini Group (now the Salini Impregilo Group).

Pursuant to the 2013 Term Facility Agreement, repayment of principal will be made in semi-annual instalments in accordance with a pre-determined amortisation plan whilst interest will accrue over interest periods of one, three or six months selected by the borrower or any other period agreed between the borrower and the lenders and paid at the end of the relevant interest period. The maturity date of the 2013 Term Facility Agreement is 16 April 2019.

The 2013 Term Facility Agreement includes standard provisions for facilities agreements of this nature, in line with market practice, including, *inter alia*, financial covenants, covenants on limitations on indebtedness and negative pledge and events of default (including, for instance, cross-default in relation to certain selected items of the definition of "financial indebtedness" set out therein for an amount higher than €30,000,000).

As of the date of this Prospectus, the outstanding principal amount under the 2013 Term Facility Agreement is €135,087,544.68.

The 2013 Term Facility Agreement is not secured by any collateral and is not guaranteed by any Subsidiary.

The 2013 Term Facility Agreement is governed by English law.

EUR 365,000,000 term and revolving facilities agreement

On 16 April 2015, the Issuer entered into a term and revolving facilities agreement with a pool comprising six banks (the “**Term and Revolving Facilities Agreement**”) pursuant to which the lenders have extended a term facility (for the refinancing of certain indebtedness of the Salini Impregilo Group) and a revolving facility (for general corporate purposes) for a maximum aggregate amount of €365,000,000 to the Issuer.

The maturity date of the Term and Revolving Facilities Agreement is 16 April 2020.

The Term and Revolving Facilities Agreement includes standard provisions for facilities agreements of this nature, in line with market practice, including, *inter alia*, financial covenants, covenants on limitations on indebtedness and negative pledge and events of default (including, for instance, cross-default in relation to certain selected items of the definition of “financial indebtedness” set out therein for an amount higher than €50,000,000).

As of the date of this Prospectus, the outstanding principal amount under the Term and Revolving Facilities Agreement is €289,900,000.

The Term and Revolving Facilities Agreement is not secured by any collateral and is not guaranteed by any Subsidiary.

The Term and Revolving Facilities Agreement is governed by English law.

EUR 150,000,000 term facility agreement

On 12 November 2015, the Issuer entered into a €150,000,000 term facility agreement, governed by Italian law, with two banks (the “**2015 Term Facility Agreement**”) for the financing of the general corporate purposes of the Salini Impregilo Group.

The maturity date of the 2015 Term Facility Agreement is 12 November 2020.

The 2015 Term Facility Agreement includes standard provisions for facilities agreements of this nature, in line with market practice, including, *inter alia*, financial covenants, covenants on limitations on indebtedness and negative pledge and events of default (including, for instance, cross-default in relation to certain selected items of the definition of “financial indebtedness” set out therein for an amount higher than €50,000,000).

As of the date of this Prospectus, the outstanding principal amount under the 2015 Term Facility Agreement is €150,000,000.

The 2015 Term Facility Agreement is not secured by any collateral and is not guaranteed by any Subsidiary.

€400,000,000 6.125 per cent. Notes due 1 August 2018 issued by Salini S.p.A.

On 1 August 2013, Salini S.p.A. (now the Issuer) issued the “€400,000,000 6125 per cent. Notes due 1 August 2018” (the “**2018 Notes**”).

The ISIN of the 2018 Notes is XS0956262892 and the common code is 095626289.

On 24 June 2016, the Issuer completed an exchange offer in relation to the 2018 Notes as a result of which €116,974,000 of the 2018 Notes were exchanged for original notes and subsequently cancelled, such that the outstanding principal amount of the 2018 Notes as at the date of this prospectus is €283,026,000.

The 2018 Notes are governed by English law.

€428,264,000 3.725 per cent. Notes due 24 June 2021 and €171,736,000 3.75 per cent. Notes due 24 June 2021

In the context of an exchange offer launched by Salini Impregilo regarding its outstanding “€400,000,000 6125 per cent. Notes due 1 August 2018” (the “**2018 Notes**”), on 24 June 2016, the Issuer issued €428,264,000 3.75 per cent. Notes due 24 June 2021 (the “**2021 Original Notes**”), 300 million of which were allocated to new investors and approximately EUR 128 million was allocated to the holders of 2018 Notes that have joined the exchange offer.

On 18 July 2016, the Issuer issued “€171,736,000 3.75 per cent. Notes due 24 June 2021” (the “**2021 New Notes**” and, together with the 2021 Original Notes, the “**2021 Notes**”) to be consolidated and form a single series with the 2021 Original Notes.

The ISIN of the 2021 Notes is XS1435297202 and the common code is 143529720.

The 2021 Notes are governed by English law.

EUR 102,850,000 term facility agreement

On 8 July 2016, the Issuer entered into a €102,850,000 term facility agreement with a pool comprising five banks (the “**€102,850,000 Term Facility Agreement**”) to complete the refinancing of the €400,000,000 term facility agreement dated 9 November 2015.

The maturity date of the €102,850,000 Term Facility Agreement is 8 July 2021.

The €102,850,000 Term Facility Agreement includes standard provisions for facilities agreements of this nature, in line with market practice, including, *inter alia*, financial covenants, covenants on limitations on indebtedness and negative pledge and events of default (including, for instance, cross-default in relation to certain selected items of the definition of “financial indebtedness” (set out therein) for an amount higher than €50,000,000).

The €102,850,000 Term Facility Agreement is not secured by any collateral and is not guaranteed by any Subsidiary.

The €102,850,000 Term Facility Agreement is governed by Italian law.

As of the date of this Prospectus, the outstanding principal amount under the €102,850,000 Term Facility Agreement is €102,850,000.

EUR 380,000,000 term facilities agreement

On or about the date of this Prospectus, the Issuer intends to enter into a €380,000,000 term facilities agreement with a pool comprising seven banks, including some of the Managers (the “**€380,000,000 Term Facilities Agreement**”), to refinance part of its outstanding financial indebtedness.

The maturity date of the €380,000,000 Term Facilities Agreement is five years from the date of signing.

The €380,000,000 Term Facilities Agreement includes standard provisions for facilities agreements of this nature, in line with market practice, including, *inter alia*, financial covenants, covenants on limitations on indebtedness and negative pledge and events of default (including, for instance, cross-default in relation to certain selected items of the definition of “financial indebtedness” (set out therein) for an amount higher than € 50,000,000).

The €380,000,000 Term Facilities Agreement is not secured by any collateral and is not guaranteed by any Subsidiary.

The €380,000,000 Term Facilities Agreement is governed by Italian law.

As of the date of this Prospectus, no drawdown has occurred under the €380,000,000 Term Facilities Agreement. Such drawdown is subject to customary conditions precedent for facilities agreements of this nature, in line with market practice, including, *inter alia*, evidence of settlement of the Notes.

MATERIAL CONTRACTS

Other than the financing agreements described above, Salini Impregilo has entered into all of its agreements and contracts in the ordinary course of its business. In particular, there are no contracts which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to repay the Notes.

TAXATION

The statements herein regarding taxation are based on the laws in force as at the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary 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, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes. This summary is based upon the laws and/or practice in force as at the date of this Prospectus. Italian tax laws and interpretations may be subject to frequent changes which could be made on a retroactive basis. The Issuer will not update this summary to reflect changes in laws and/or in practice and if such a change occurs, the information in this summary could become invalid.

Tax treatment of interest

Legislative Decree No. 239 of April 1, 1996 (“**Decree No. 239**”) sets forth the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price, hereinafter collectively referred to as “**Interest**”) deriving from Notes falling within the category of bonds (*obbligazioni*) and similar securities (pursuant to Article 44 of Presidential Decree No. 917 of December 22, 1986, as amended and supplemented (“**Decree No. 917**”)), issued, *inter alia*, by companies resident in Italy for tax purposes whose shares are listed on a regulated market or on a multilateral trading platform of EU Member States or States party to the EEA Agreement allowing a satisfactory exchange of information with the Italian tax authorities as included in the decree of the Ministry of Economy and Finance of September 4, 1996, as subsequently amended and supplemented or superseded pursuant to Article 11(4)(c) of Decree No. 239 (the “**White List**”).

For these purposes, securities similar to bonds (*titoli similari alle obbligazioni*) are securities that incorporate an unconditional obligation for the Issuer to actually pay, at maturity (or at any earlier redemption), an amount not lower than their nominal/face value/principal and that do not provide any right of direct or indirect participation in, or control on, the management of the Issuer or of the business in connection with which they are issued.

Italian-resident Noteholders

Noteholders not engaged in an entrepreneurial activity

If an Italian-resident beneficial owner of the Notes (a “**Noteholder**”) is:

- (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected;
- (b) a non-commercial partnership (*società semplice*) or a professional association;
- (c) a non-commercial private or public institution (other than Italian undertakings for collective investment); or
- (d) an investor exempt from Italian corporate income taxation,

then interest derived from the Notes, and accrued during the relevant holding period, is subject to a tax withheld at source (*imposta sostitutiva*), levied at a rate of 26 per cent., unless the relevant Noteholder holds the Notes in a discretionary investment portfolio managed by an authorised intermediary and has validly opted for the application of the *risparmio gestito regime* under Article of Legislative Decree No. 461 of November 21, 1997 (“**Decree No. 461**”) (see also “— Tax treatment of capital gains — Discretionary investment portfolio regime (*Risparmio gestito regime*)” below).

Subject to certain conditions (including a minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes (being financial instruments issued by an Italian resident corporation) may be exempt from any income taxation (including the 26 per cent. *imposta sostitutiva*) if the Noteholder is an Italian resident individual not engaged in entrepreneurial activity and the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Law No. 232 of December 11, 2016.

Noteholders engaged in an entrepreneurial activity

In the event that the Italian-resident Noteholders mentioned under letters a) and c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax. Interest will be included in the relevant beneficial owner's Italian income tax return and will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.

If a Noteholder is an Italian-resident company or similar commercial entity, or a permanent establishment in Italy of a non-resident company to which the Notes are effectively connected, and the Notes are deposited with an authorised intermediary, interest from the Notes will not be subject to the *imposta sostitutiva*. Interest must, however, be included in the relevant Noteholder's income tax return and is therefore subject to general Italian corporate income taxation and, in certain circumstances, depending on the status of the Noteholder, also to the Italian regional tax on productive activities ("IRAP").

Real estate investment funds and real estate SICAFs

Payments of interest deriving from the Notes made to Italian resident real estate collective investment funds and real estate closed-ended investment companies (*società di investimento a capitale fisso*, or "SICAFs"), provided that the Notes, together with the coupons relating thereto, are timely deposited directly or indirectly with an Italian authorised financial intermediary (or permanent establishment in Italy of a non-resident intermediary) are subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund or the real estate SICAF. However, a withholding or substitute tax of 26 per cent. will apply, in certain circumstances, to income realised by unitholders or shareholders in the event of distributions, redemption or sale of the units or shares. Moreover, subject to certain conditions, income realised by Italian real estate investment funds or real estate SICAFs is attributed pro rata to the Italian resident unitholders irrespective of any actual distribution on a tax transparency basis.

Funds, SICAVs and non-real estate SICAFs

If an Italian resident Noteholder is a non-real estate open-ended or a closed-ended collective investment fund ("Fund"), an open-ended investment company (*società di investimento a capitale variabile*, or "SICAV") or a non-real estate SICAF established in Italy and either (i) the Fund, SICAV or the non-real estate SICAF or (ii) their manager is subject to the supervision of a regulatory authority and the Notes are deposited with an authorised intermediary, interest accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund, the SICAV or the non-real estate SICAF. The Fund, the SICAV or the non-real estate SICAF are subject neither to *imposta sostitutiva* nor to any other income tax at their level, but a withholding tax of 26 per cent. will be levied, in certain circumstances, by the Fund, the SICAV or the non-real estate SICAF on proceeds distributed in favour of their unitholders or shareholders.

Pension funds

If an Italian-resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of Italian Legislative Decree No. 252 of December 5, 2005) and the Notes are deposited with an authorised

intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the results of the relevant portfolio accrued at the end of the tax period (which will be subject to a 20 per cent. substitute tax).

Application of the imposta sostitutiva

Pursuant to Decree No. 239, the *imposta sostitutiva* is applied by banks, brokerage companies (*società di intermediazione mobiliare*, or **SIM**), fiduciary companies, *societ'a di gestione del risparmio* ("SGR"), stockbrokers and other entities identified by decrees of the Ministry of Economy and Finance (each, an "**Intermediary**").

An Intermediary must:

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

If the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by the relevant Italian financial intermediary (or permanent establishment in Italy of a non-Italian resident financial intermediary) paying the Interest to a Noteholder or, absent that, by the Issuer and gross recipients that are Italian resident corporations or permanent establishments in Italy of non-resident corporations to which the Notes are effectively connected are entitled to deduct *imposta sostitutiva* suffered from income taxes due.

Non-Italian resident Noteholders

If the Noteholder is a non-resident for tax purposes, an exemption from the *imposta sostitutiva* applies, provided that the non-resident Noteholder is:

- (a) a beneficial owner of the payment of Interest with no permanent establishment in Italy to which the Notes are effectively connected and resident, for tax purposes, in a state or territory included in the White List; or
- (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or
- (c) an "institutional investor", whether or not subject to tax, which is established in a state or territory included in the White List, even if it does not possess the status of a taxpayer in its own state of establishment; or
- (d) a central bank or an entity which manages, *inter alia*, the official reserves of a foreign state.

In order to ensure gross payment, non-resident Noteholders must promptly deposit the Notes together with the coupons relating to such Notes 'directly or indirectly' with:

- (i) an Italian or non-resident bank or financial institution (there is no requirement for the bank or financial institution to be EU resident) (the "**First Level Bank**"), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); or
- (ii) an Italian-resident bank or SIM, or a permanent establishment in Italy of a non-resident bank or SIM, acting as depositary or sub-depository of the Notes appointed to maintain direct relationships, via telematic link, with the Department of Revenue of the Ministry of Economy and Finance (the

“Second Level Bank”). Organizations and companies that are not resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Economy and Finance (which include Euroclear and Clearstream) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian resident bank or SIM, or permanent establishment in Italy of a non-resident bank or SIM, or a central depositary of financial instruments pursuant to Article 80 of Legislative Decree No. 58 of February 24, 1998) for the purposes of the application of Decree No. 239. If a non-resident Noteholder deposits the Notes directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank.

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

- (i) the deposit of the Notes, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and
- (ii) the submission to the First Level Bank or the Second Level Bank (as the case may be) of a statement of the relevant Noteholder (*autocertificazione*), to be provided only once, in which it declares, *inter alia*, that it is the beneficial owner of any interest on the Notes and it is eligible to benefit from the exemption from the *imposta sostitutiva*.

Such statement must comply with the requirements set forth by a Ministerial Decree dated 12 December 2001, is valid until withdrawn or revoked (unless some information provided therein has changed) and does not need to be submitted where a certificate, declaration or other similar document for the same or equivalent purposes was previously submitted to the same depository. The above statement is not required for non-Italian resident investors that are international bodies or entities set up in accordance with international agreements entered into force in Italy referred to in point (b) above or Central Banks or entities also authorised to manage the official reserves of a State referred to in point (d) above. Additional requirements are provided for “institutional investors” referred to in point (c) above (in this respect see, among others, Circular Letters Nos. 23/E of 1 March 2002 and No. 20/E of 27 March 2003).

The *imposta sostitutiva* will be applicable at a rate of 26 per cent. to interest paid to Noteholders who do not qualify for the foregoing exemption or do not timely and properly satisfy the requested conditions (including the procedures set forth under Decree No. 239 and in the relevant implementation rules).

Noteholders who are subject to the *imposta sostitutiva* might, nevertheless, be eligible for full or partial relief under an applicable tax treaty, subject to timely filing of required documentation provided by Regulation of the Director of Italian Revenue Agency No. 2013/84404 of July 10, 2013.

Tax treatment of capital gains

Italian-resident Noteholders

Noteholders not engaged in an entrepreneurial activity

Where an Italian-resident Noteholder is an individual not engaged in an entrepreneurial activity to which the Notes are connected, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to a capital gain tax (*imposta sostitutiva*, or “CGT”) levied at a rate of 26 per cent. Noteholders may set off any capital losses with their capital gains.

In respect of the application of the *imposta sostitutiva*, taxpayers may opt—under certain conditions—for any of the three regimes described below.

Tax return regime. Under the tax return 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

CGT on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realised by the Italian-resident individual holding the Notes during any given tax year. Italian-resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in their annual tax return, and pay the CGT on such gains, together with any balance of income tax due for such year. Within the same time limit, capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Under Decree No. 66 of April 24, 2014 ("Decree No. 66"), capital losses may be carried forward and offset against capital gains of the same nature realised as of 1 July 2014 for an overall amount of: 76.92 per cent. of the capital losses realised from 1 January 2012 to June 30, 2014, and 100 per cent. of the capital losses realised as of 1 July 2014.

Non-discretionary investment portfolio regime (Risparmio amministrato regime). As an alternative to the tax return regime, Italian-resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the CGT separately on capital gains realised on each sale or redemption of the Notes (*regime del risparmio amministrato*). Such separate taxation of capital gains is allowed subject to:

- (i) the Notes being deposited with an Italian bank, SIM or certain authorised financial intermediaries; and
- (ii) an express election for the *risparmio amministrato* regime being made in writing in a timely fashion by the relevant Noteholder.

The depository must account for the CGT in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the CGT to the Italian tax authorities on behalf of the Noteholder, 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, any possible capital loss resulting from a sale or redemption or certain other transfer of the Notes may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years, up until the fourth tax year. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains/losses realised within said regime in the annual tax return. Under Decree No. 66, capital losses may be carried forward and offset against capital gains of the same nature realised as of 1 July 2014 for an overall amount of 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014, and 100 per cent. of the capital losses realised as of 1 July 2014.

Discretionary investment portfolio regime (Risparmio gestito regime). In the *risparmio gestito regime*, any capital gains realised by Italian-resident individuals holding the Notes not in connection with an entrepreneurial activity and who have entrusted the management of their financial assets (including the Notes) to an authorised intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at tax year-end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Any decrease in value of the managed assets accrued at the tax year-end may be carried forward against any increase in value of the managed assets accrued in any of the four succeeding tax years. The Noteholder is not required to declare the capital gains or losses realised within said regime in its annual tax return. Under Decree No. 66, decreases in value of the managed assets may be carried forward and offset against any subsequent increase in value accrued as of 1 July 2014 for an overall amount of 76.92 per cent. of the decreases in value occurred from 1 January 2012 to 30 June 2014, and 100 per cent. of the decreases in value occurred as of 1 July 2014. The Noteholder is not required to declare the capital gains realised in the annual tax return.

Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the Notes may be exempt from any income taxation (including from the 26 per cent. CGT) if the Noteholder is an Italian resident individual not engaged in entrepreneurial activity and the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements set forth in Article 1(100-114) of Finance Act 2017.

Noteholders engaged in an entrepreneurial activity

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

Real estate investment funds and real estate SICAFs

Any capital gains realised by a Noteholder which qualifies as an Italian real estate investment fund or an Italian real estate SICAF will be subject neither to CGT nor to any other income tax at the level of the real estate investment fund or the real estate SICAF (see "*- Tax treatment of interest - Real estate investment funds and real estate SICAFs*" above). However, a withholding or substitute tax of 26 per cent. will apply, in certain circumstances, to income realised by unitholders or shareholders in the event of distributions, redemption or sale of the units or shares. Moreover, subject to certain conditions, income realised by Italian real estate investment funds or real estate SICAFs is attributed pro rata to the Italian resident unitholders irrespective of any actual distribution on a tax transparency basis.

Funds, SICAVs and non-real estate SICAFs

Any capital gains realised by a Noteholder which is a Fund, a SICAV or a non-real estate SICAF will not be subject to CGT but will be included in the result of the relevant portfolio accrued at the end of the relevant fiscal year. Such result will not be taxed at the level of the Fund, the SICAV or the non-real estate SICAF, but income realised by the unitholders or shareholders in case of distributions, redemption or sale of the units/shares may be subject to a withholding tax of 26 per cent.

Pension funds

Any capital gains realised by a Noteholder which qualifies as an Italian pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of December 5, 2005) will be included in the result of the relevant portfolio accrued at the end of the relevant tax period, and subject to 20 per cent. substitute tax.

Non-Italian resident Noteholders

A 26 per cent. CGT on capital gains may be payable on capital gains realised on the sale or redemption of the Notes by non-Italian resident persons without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy. However, under Article 23(1)(f)(2) of Decree No. 917, capital gains realised by non-resident Noteholders from the sale or redemption of notes issued by an Italian-resident issuer and traded on regulated markets in Italy or abroad are not subject to CGT, subject to the filing of required documentation in a timely fashion (in particular, a self-declaration that the Noteholder is not resident in Italy for tax purposes).

Capital gains realised by non-resident Noteholders from the sale or redemption of Notes issued by an Italian-resident issuer, even if the Notes are not traded on regulated markets, are not subject to CGT, provided that the beneficial owner is:

- (a) a beneficial owner of the capital gains with no permanent establishment in Italy to which the Notes are effectively connected and resident, for tax purposes, of a state or territory included in the White List; or
- (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or
- (c) an “institutional investor”, whether or not subject to tax, which is established in a state or territory included in the White List, even if it does not possess the status of a taxpayer in its own state of establishment; or
- (d) a central bank or an entity which manages, *inter alia*, the official reserves of a foreign state.

In order to ensure gross payment, non-Italian resident Noteholders must satisfy the same conditions set forth above to benefit from the exemption from the *imposta sostitutiva* in accordance with Decree 239 (see “– Tax treatment of interest” above).

If none of the above conditions is met, capital gains realised by non-Italian resident Noteholders from the sale or the redemption of Notes issued by an Italian resident issuer and not traded on regulated markets may be subject to CGT at the current rate of 26 per cent. However, Noteholders might benefit from an applicable tax treaty with Italy, providing that capital gains realised upon the sale or redemption of the Notes are to be taxed only in the State where the recipient is tax resident, subject to certain conditions to be satisfied.

Under these circumstances, if non-resident persons without a permanent establishment in Italy to which the Notes are effectively connected hold Notes with an Italian authorised financial intermediary and are subject to the *risparmio amministrato* regime or elect for the *risparmio gestito regime*, exemption from Italian taxation on capital gains will apply upon condition that the non-resident Noteholders file in time with the authorised financial intermediary appropriate documents which include, *inter alia*, a certificate of residence from the competent tax authorities of their country of residence.

The *risparmio amministrato* regime is the ordinary regime automatically applicable to non-Italian resident persons and entities holding Notes deposited with an Intermediary, but non-Italian resident Noteholders retain the right to waive this regime.

Certain reporting obligations for Italian-resident Noteholders

Under Law Decree No. 167 of June 28, 1990, as subsequently amended and supplemented, individuals, non-business entities and non-business partnerships that are resident in Italy and, during the tax year, hold investments abroad or have financial assets abroad (including possibly the Notes) must, in certain circumstances, disclose these investments or financial assets to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return), regardless of the value of such assets (save for deposits or bank accounts having an aggregate value not exceeding the Euro 15,000 threshold throughout the year, which per se do not require such disclosure). The requirement applies also where the persons above, being not the direct holders of the financial assets, are the actual economic owners thereof for the purposes of anti-money laundering legislation.

No disclosure requirements exist for investments and financial assets (including the Notes) under management or administration entrusted to Italian resident intermediaries (Italian banks, SIMs, fiduciary companies or other professional intermediaries, indicated in Article 1 of Decree No. 167 of June 28, 1990) and for contracts concluded through their intervention, provided that the cash flows and the income derived from such activities and contracts have been subjected to Italian withholding or substitute tax by the such intermediaries.

Italian inheritance tax and gift tax

The transfer of Notes by reason of gift, donation or succession proceedings is subject to Italian gift and inheritance tax as follows:

- (a) 4 per cent. for transfers in favour of the spouse or direct relatives exceeding, for each beneficiary, a threshold of Euro 1 million;
- (b) 6 per cent. for transfers in favour of siblings exceeding, for each beneficiary, a threshold of Euro 100,000;
- (c) 6 per cent. for transfers in favour of relatives up to the fourth degree and to all relatives in law in direct line and to other relatives in law up to the third degree, on the entire value of the inheritance or the gift; and
- (d) 8 per cent. for transfers in favour of any other person or entity, on the entire value of the inheritance or the gift.

If the heir/heiress or the donee is a person with a severe disability pursuant to Law No. 104 of February 5, 1992, inheritance tax or gift tax is applied to the extent that the value of the inheritance or gift exceeds Euro 1.5 million.

With respect to Notes listed on a regulated market, the value for inheritance and gift tax purposes is the average stock exchange price of the last quarter preceding the date of the succession or of the gift (including any accrued interest). With respect to unlisted Notes, the value for inheritance tax and gift tax purposes is generally determined by reference to the value of listed debt securities having similar features or based on certain elements as presented in the Italian tax law.

Italian inheritance tax and gift tax applies to non-Italian resident individuals for bonds issued by Italian resident companies.

Wealth tax – direct holding

According to Article 19 of Law Decree No. 201 of December 6, 2011 (“**Decree No. 201**”), Italian-resident individuals holding financial products, including the Notes, outside Italy without the involvement of an Italian financial intermediary are required to pay a wealth tax currently at the rate of 0.20 per cent. (the level of tax being determined in proportion to the period of ownership). The wealth tax applies on the market value at the end of the relevant year or, in the absence of a market value, on the nominal value or redemption value of such financial products held outside Italy. Taxpayers are generally permitted to deduct from the wealth tax a tax credit equal to any wealth taxes paid in the State where the financial products are held (up to the amount of the Italian wealth tax due).

Stamp taxes and duties – holding through financial intermediary

Under Article 13(2bis-2ter) of Decree No. 642 of October 26, 1972, a 0.2 per cent. stamp duty generally applies on communications and reports that Italian financial intermediaries periodically send to their clients in relation to the financial products that are deposited with such intermediaries. The Notes are included in the definition of financial products for these purposes. Communications and reports are deemed to be sent at least once a year even if the Italian financial intermediary is under no obligation to either draft or send such communications and reports.

The stamp duty cannot exceed Euro 14,000 for Noteholders other than individuals. Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy and Finance on 24 May 2012, the 0.2 per cent. stamp duty does not apply to communications and reports that the Italian financial intermediaries send to investors who do not qualify as “clients” according to the regulations issued by the Bank of Italy.

The taxable base of the stamp duty is the market value or, in the lack thereof, the nominal value or the redemption amount of any financial product.

Registration tax

Contracts relating to the transfer of the Notes are subject to the registration tax as follows:

- (a) public deeds and private deeds with notarised signatures (*atti pubblici e scritture private autenticate*) are subject to fixed registration tax at rate of Euro 200; and
- (b) private deeds (*scritture private non autenticate*) are subject to fixed registration tax of Euro 200 only in the “case of use” or voluntary registration or occurrence of the so-called *enunciazione*.

SUBSCRIPTION AND SALE

The Managers have, in a subscription agreement dated 24 October 2017 (the “**Subscription Agreement**”) and made between the Issuer and the Managers upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe for the Notes. The Issuer has also agreed to pay certain combined commissions to the Managers as set out therein and reimburse the Managers for certain of their expenses incurred in connection with the management of the issue of the Notes. The Subscription Agreement provides that the obligations of the Managers are subject to certain conditions precedent, and the Subscription Agreement may be terminated in certain circumstance prior to payment for sale of the Notes being made to the Issuer.

United Kingdom

Each Manager has represented, warranted and undertaken that:

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

United States of America

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

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

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

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

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to any Notes be distributed in Italy, except in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Manager has represented and agreed that no Notes may be offered, sold or delivered nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*) as defined pursuant to Article 100 of Decree No. 58 and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended (“**Regulation No. 11971**”); or
- (b) in other circumstances which are exempted from the rules on public offerings, pursuant to Article 100 of Decree No. 58 and Article 34-ter, first paragraph of CONSOB Regulation No. 11971.

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

- (a) made by an investment firm, bank or financial intermediary licensed to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of 24 February 1998, CONSOB Regulation No. 16190 of 29 October 2007 and Legislative Decree No. 385 of 1 September 1993 (in each case as amended from time to time);
- (b) in compliance with Article 129 of the Legislative Decree No. 385 of 1 September 1993 (as amended from time to time), and the implementing guidelines of the Bank of Italy, as amended from time to time; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy or any other Italian authority.

France

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

General

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

GENERAL INFORMATION

Authorisation

1. The creation and issue of the Notes has been authorised by a resolution (*determina*) of the managing director of the Issuer dated 19 October 2017 pursuant to the powers delegated to the managing director by a resolution of the board of directors of the Issuer passed on 16 October 2017.

Listing and Admission to Trading

2. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. The total expenses related to the admission of the Notes to trading on the Irish Stock Exchange's regulated market are expected to amount to approximately €4,540.

Legal and Arbitration Proceedings

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

Significant/Material Change

4. Since 31 December 2016 there has been no material adverse change in the prospects of the Issuer or the Group. Save as disclosed in section "*Description of the Issuer - Recent developments*" on pages 67-68 of this Prospectus, since 30 June 2017 there has been no significant change in the financial or trading position of the Issuer or the Group.

Auditors

5. The current Auditors of the Issuer are KPMG S.p.A. ("KPMG"), whose registered office is at Via Vittor Pisani, 25, 20124 Milan, Italy. KPMG is an accounting firm authorised and regulated by the Italian Ministry of Economy and Finance (MEF) and registered with the special register of auditing firms held by the MEF. KPMG has (a) audited the Issuer's annual financial statements, prepared in accordance with International Financial Reporting Standards adopted in the European Union and the Italian regulations implementing Article 9 of Legislation Decree No. 38/05 and has issued an unqualified audit report with an emphasis of matter, in accordance with auditing standards recommended by CONSOB for the Financial Year ended 31 December 2016 (please see pages 474-477 of the 2016 Audited Consolidated Financial Statements which is incorporated by reference in this Prospectus) and (b) performed a limited review of the Issuer's unaudited condensed interim consolidated financial statements, prepared in accordance with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) endorsed by the European Union and CONSOB guidelines set out in CONSOB resolution no. 10867 dated 31 July 1997 for the financial period ended 30 June 2017 (please see pages 170-171 of the 2017 Interim Consolidated Financial Statements which is incorporated by reference in this Prospectus) and issued an unqualified review report with an emphasis of matter. The auditors of the Issuer are independent accountants in respect of the Issuer. KPMG's appointment was conferred for the period 2015 to 2023 by the shareholders' meeting held on 30 April 2015 and will expire on the date of the shareholders' meeting convened to approve the Issuer's financial statements for the Financial Year ending 2022.

The reports of the auditors of the Issuer are included or incorporated in this Prospectus in the form and context in which they are included or incorporated, with the consent of the relevant auditors who have authorised the contents of that part of this Prospectus.

Documents on Display

6. Physical or electronic copies of the following documents (together, where appropriate, with English translations thereof) may be inspected during normal business hours at the offices of the Principal Paying Agent at One Canada Square, London E14 5AL, United Kingdom, for 12 months from the date of this Prospectus:
 - (a) the By-laws (*statuto*) of the Issuer;
 - (b) this Prospectus;
 - (c) the Paying Agency Agreement and the Trust Deed;
 - (d) the Issuer's 2016 and 2015 Financial Statements; and
 - (e) the 2017 Interim Consolidated Financial Statements.

In addition, the Issuer regularly publishes its interim and full year financial statements on its website at <http://www.salini-impregilo.com>.

Clearing Systems

7. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN is XS1707063589 and the common code is 170706358. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

Material Contracts

8. The Issuer and the companies forming part of the Group have not entered into any contracts in the last two years outside the ordinary course of their business which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to holders of the Notes.

Potential Conflicts of Interest

9. Certain of the Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions (including, without limitation, the provision of loan facilities) with, and may perform services for, the Issuer and its affiliates in the ordinary course of business.
10. In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates or any entity related to the Notes. Certain of the Managers and their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future

trading prices of the Notes offered hereby. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the avoidance of doubt, the term “affiliates” shall include parent companies.

11. In particular, with reference to paragraph 10 above, (i) Banca IMI S.p.A., one of the Joint Lead Managers in connection with the offering of the Notes, is a wholly owned subsidiary of Intesa Sanpaolo S.p.A., the ultimate parent company of the Intesa Sanpaolo Group, and (ii) UniCredit Bank AG, one of the Joint Lead Managers in connection with the offering of the Notes, is a wholly owned subsidiary of UniCredit S.p.A., the ultimate parent company of the UniCredit Group. Each of Intesa Sanpaolo S.p.A., Banca IMI S.p.A., Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., BNP Paribas, Goldman Sachs International, Natixis, UniCredit S.p.A. and UniCredit Bank AG have provided corporate finance and investment banking services to the Issuer in the last 12 months. The net proceeds of the issue of the Notes will be used by the Issuer to repay existing indebtedness (as further described in “*Use of Proceeds*”). Furthermore, Banca IMI S.p.A., Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., BNP Paribas, Goldman Sachs International, Natixis and UniCredit Bank AG, each in their capacity as a Joint Lead Manager and Banca Akros S.p.A. - Gruppo Banco BPM and MPS Capital Services Banca per le Imprese S.p.A. each in their capacity as a Co-Manager, will receive a commission (as further described in “*Subscription and Sale*”).

Yield

12. On the basis of the issue price of the Notes of 1.750 per cent. of their principal amount, the gross real yield of the Notes is 100 per cent. on an annual basis.

Legend Concerning US Persons

13. The Notes and any Coupons appertaining thereto will bear a legend to the following effect: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.

Post-issuance Information

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

REGISTERED OFFICE OF THE ISSUER

Salini Impregilo S.p.A.
Via dei Missaglia, 97
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TRUSTEE

BNY Mellon Corporate Trustee Services Limited
One Canada Square
London E14 5AL
United Kingdom

PRINCIPAL PAYING AGENT

The Bank of New York Mellon
One Canada Square
London E14 5AL
United Kingdom

LISTING AGENT

Walkers Listing Services Limited
17-19 Sir John Rogerson's Quay
Dublin 2
Ireland

LEGAL ADVISERS

To the Issuer as to Italian law and Italian tax law:

Bonelli Erede Studio Legale
Via Barozzi, 1
20122 Milan
Italy

To the Joint Lead Managers as to English and Italian law:

**Studio Legale Associato
in association with Linklaters LLP**
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To the Trustee as to English law:

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AUDITORS TO THE ISSUER

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20124 Milan
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