NOT FOR DISTRIBUTION IN THE UNITED STATES

KEDRION GROUP S.p.A.

(incorporated as a società per azioni under the laws of the Republic of Italy)

€300,000,000 4.625 per cent. Notes due 24 April 2019

The issue price of the €300,000,000 4.625 per cent. Notes due 24 April 2019 (the "**Notes**") of Kedrion Group S.p.A. (the "**Issuer**") is 100 per cent. of their principal amount. The Notes constitute *obbligazioni* pursuant to Articles 2410-*et seq*. of the Italian Civil Code. The Notes will bear interest from and including the Closing Date (as defined below) at the rate of 4.625 per cent. *per annum*, payable in arrear on 24 April in each year, commencing on 24 April 2015, all as more fully described in "*Terms and Conditions of the Notes—Interest*". Interest payments to certain Noteholders may be subject to Italian substitute tax (*imposta sostitutiva*) as more fully described in "*Terms and Conditions of the Notes—Taxation*" and "*Taxation—Italian Tax Treatment of the Notes*".

Unless previously redeemed, repurchased or cancelled, the Notes will be redeemed at 100 per cent. of their principal amount on 24 April 2019. The Notes may be redeemed in whole, but not in part, at 100 per cent. of their principal amount plus interest, if any, to the date fixed for redemption at the option of the Issuer in the event of certain changes affecting taxation in the Republic of Italy. See "*Terms and Conditions of the Notes—Redemption and Purchase*". The Notes may also be redeemed at the option of the Issuer at any time at a price calculated on a "Make-Whole" basis. See "*Terms and Conditions of the Notes—Redemption and Purchase*". Noteholders will be entitled, following the occurrence of a Change of Control (as defined in the Terms and Conditions of the Notes (the "**Conditions**")) to request the Issuer to redeem such Notes at 100 per cent. of their principal amount together with any accrued and unpaid interest (if any), all as more fully described in "*Terms and Conditions of the Notes—Redemption and Purchase—Redemption at the Option of the Holders upon a Change of Control*".

On the Issue Date, no guarantees in respect of the Notes or Coupons will be provided. However, any Subsidiary (as defined below) of the Issuer may subsequently guarantee the Notes pursuant to Condition 2.1, and in the event of a Permitted Reorganisation (as defined in the Conditions) an Additional Guarantor or Successor Guarantor may provide a guarantee in respect of the Notes, all as more fully described in "*Terms and Conditions of the Notes – Events of Default*".

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

Investing in the Notes involves risks. For a discussion of these risks, see "Risk Factors" beginning on page 1.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws and are subject to United States tax law requirements. The Notes are being offered only outside the United States by the Joint Lead Managers (as defined herein) 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 further restrictions on offers and sales of the Securities, see "*Subscription and Sale*".

The Notes will be in bearer form and in denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000 and 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 24 April 2014 (the "**Closing Date**") with a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**" and, together with Euroclear, the "**Clearing Systems**"). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the "**Permanent Global Note**"), without interest coupons, not earlier than forty (40) days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification. The Temporary Global Note and the Permanent Global Note (each a "**Global Note**") will be issued in new global note ("**NGN**") form. Ownership of the beneficial interests in the Notes will be shown on, and transfers thereof will be effected through, records maintained in book-entry form by the Clearing Systems and their respective participants. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in the denomination of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000 with interest coupons attached. See "*Summary of Provisions Relating to the Notes in Global Form*". Subject to the provisions contained in this Prospectus, the Notes are freely transferable.

Joint Lead Managers

Banca IMI ***Natixis***

The date of this Prospectus is 17 April 2014

NOTICE TO INVESTORS

The Issuer has confirmed that this Prospectus contains all information regarding the Issuer and its subsidiaries (together with the Issuer, the "**Group**") and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer 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. 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 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, the Trustee (as defined herein) or any of Banca IMI S.p.A. and Natixis (together, the "**Joint Lead Managers**").

Neither the Issuer nor the Joint Lead Managers have authorised, nor do they authorise, the making of any offer of the Notes through any financial intermediary, other than offers made by the Joint Lead Managers which constitute the final placement of the Notes contemplated in this Prospectus.

This Prospectus has not been submitted to the clearance procedure of CONSOB and may not be used in connection with the offering of the Notes in the Republic of Italy, its territories and possessions and any areas subject to its jurisdictions other than in accordance with applicable Italian securities laws and regulations, as more fully set out under "*Subscription and Sale*".

The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. This Prospectus may only be used for the purposes for which it has been published. For a description of certain restrictions on offers, sales and deliveries of the 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, the Notes may not be offered, sold or delivered in the United States or to U.S. persons. The Notes are subject to restrictions on transferability and resale and may not be transferred or resold in the United States or to U.S. persons except as permitted under applicable U.S. federal and state securities laws pursuant to a registration statement or an exemption from registration.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication 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 or the Group since the date of this Prospectus.

This Prospectus is to be read and construed in conjunction with all documents which are deemed to be incorporated herein by reference. This Prospectus shall, save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Prospectus. See "*Documents Incorporated by Reference*" below.

None of the Joint Lead Managers or the Trustee makes any representation or warranty, expressed or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or any of the Joint Lead Managers or the Trustee that any recipient of this Prospectus should purchase the Notes. In making an investment decision, prospective investors must rely on their own examination of the Issuer's business and the terms of the offering. Prospective investors should not consider any information contained in this Prospectus to be investment, legal, business or tax advice.

Each prospective investor should consult its own counsel, business adviser, accountant, tax adviser and other advisers for legal, financial, business, tax and related advice regarding an investment in the Notes.

Prospective investors should understand that they may have to bear the financial risks of their investment for an indefinite period of time.

The information set out in the sections of this Prospectus describing clearing arrangements is subject to any change or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream, Luxembourg, in each case as currently in effect. The information in such sections concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy of such information. If prospective investors wish to use the facilities of any of the Clearing Systems, they should confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. The Issuer will not be responsible or liable for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such book-entry interests.

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

MARKET SHARE INFORMATION AND STATISTICS

This Prospectus contains information and statistics which are derived from, or are based upon, the Issuer's analysis of data obtained from the Marketing Research Bureau. Such information has been identified where used and reproduced accurately in this Prospectus and, as far as the Issuer is aware, no facts have been omitted which would render such reproduced information inaccurate or misleading.

PRESENTATION OF FINANCIAL INFORMATION

This Prospectus includes (i) the audited consolidated financial statements of the Issuer and its subsidiaries as of 31 December 2013 and 2012, and for the years then ended, and (ii) the audited consolidated financial statements of

its wholly owned subsidiary Kedrion S.p.A. and its subsidiaries ("**Kedrion Italy**") as of 31 December 2012 and for the year then ended.

Kedrion Italy was contributed to the Issuer on 5 July 2012, by Sestant S.p.A. and Investitori Associati IV Fund. As a result of the contribution, Kedrion Italy (together with its consolidated subsidiaries) was fully consolidated into the Issuer's consolidated financial statements starting from 5 July 2012. Therefore, the Issuer's consolidated financial statements for the year ended 31 December 2012 include the results of Kedrion Italy for six months only. For more information regarding the establishment of the Issuer and the contribution of Kedrion Italy, see "*Description of the Issuer—History and Development*".

The consolidated financial statements of Kedrion Italy are presented to facilitate a comparison of the Group's results in the years 2012 and 2013.

The consolidated financial statements of (i) the Issuer as of 31 December 2013 and 2012, and for the years then ended and (ii) Kedrion Italy as of 31 December 2012 and for the year then ended, each of which has been prepared by management in accordance with IFRS, as adopted by the EU, audited by Reconta Ernst & Young S.p.A. and incorporated by reference in this Prospectus. This Prospectus does not include any *pro forma* financial information for the year 2012 relating to the Issuer's acquisition of Kedrion Italy.

Non-IFRS Financial Measures

This Prospectus contains certain non-IFRS financial measures, including EBITDA Adjusted.

EBITDA Adjusted is the operating income of the Group before taxation (including the results from discontinued operations), 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 a given period and adding back (i) depreciation and amortisation; (ii) provisions for risks and other provisions; and (iii) any other exceptional or extraordinary items or expenses incurred (i.e., any non-recurring items).

It should be noted that EBITDA Adjusted is not recognised as a measure of performance or liquidity under IFRS and should not be recognised as an alternative to operating income or net income or any other performance measures recognised as being in accordance with IFRS or any other generally accepted accounting principles. EBITDA Adjusted is used by management to monitor the underlying performance of the business and operations. EBITDA Adjusted is not indicative of the Group's historical operating results, nor is meant to be predictive of future results. Since all companies do not calculate this measure in an identical manner, the Group's presentation may not be consistent with similar measures used by other companies. Therefore, undue reliance should not be placed on such data.

FORWARD LOOKING STATEMENTS

This Prospectus contains certain statements that are, or may be deemed to be, forward looking, including statements with respect to the Issuer's and the Group's business strategies, expansion of operations, trends in their business and their competitive advantage, information on technological and regulatory changes and information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate" "aim", "intend", "plan", "continue" or similar expressions. By their nature, forward looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such forward looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward looking statements, which speak only as of the date hereof.

Any forward looking statements are only made as of the date of this Prospectus, and the Issuer does not intend, and does not assume any obligation, to update forward looking statements set forth in this Prospectus. Many factors may cause the Issuer's or the Group's results of operations, financial condition, liquidity and the development of the industries in which they compete to differ materially from those expressed or implied by the forward looking statements contained in this Prospectus.

The risks described under "*Risk Factors*" in this Prospectus are not exhaustive. Other sections of this Prospectus describe additional factors that could adversely affect the Issuer's and the Group's results of operations, financial condition, liquidity and the development of the industries in which they operate. New risks can emerge from time to time, and it is not possible for the Issuer to predict all such risks, nor can the Issuer assess the impact of all such risks on its business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward looking statements. Given these risks and uncertainties, investors should not rely on forward looking statements as a prediction of actual results.

CERTAIN DEFINED TERMS

References to the "**Issuer**" are to Kedrion Group S.p.A.; references to the "**Group**" are to the Issuer and its Subsidiaries taken as a whole; and "**Subsidiaries**" has the meaning given to it in "*Terms and Conditions of the Notes*".

References to the "**Joint Lead Managers**" are to Banca IMI S.p.A. and Natixis.

References to the "**Trust Deed**" are to the trust deed constituting the Notes dated on or about the Closing Date (as defined herein) between the Issuer and BNP Paribas Trust Corporation UK Limited in its capacity as trustee, and references to the "**Trustee**" are to BNP Paribas Trust Corporation UK Limited.

References to "**€**" or "**Euro**" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Union, as amended, and references to "**$**" and "**U.S. dollars**" are to the lawful currency of the United States.

Except where indicated, references to "**IFRS**" in this Prospectus are to International Financial Reporting Standards as adopted by the European Commission, which are those required to be used by companies listed on markets in the European Union.

TABLE OF CONTENTS

Page

RISK FACTORS

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

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it, or which it may not currently be able to anticipate.

In addition, the sequence in which the risk factors are presented below is not indicative of their likelihood of occurrence or the scope of the potential consequences on the business, financial condition or results of operations of the Issuer.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and carefully assess whether an investment in the Notes is suitable for them in light of the information in this Prospectus and their personal circumstances, based upon their own judgment and upon advice from such financial, legal and tax advisers as they consider necessary.

Words and expressions defined in "Terms and Conditions of the Notes" or elsewhere in this Prospectus have the same meaning when used in this section. References to a "Condition" are to such numbered condition in the Terms and Conditions of the Notes. Prospective investors should read this Prospectus in its entirety.

Factors That May Affect the Ability of the Issuer to Fulfil Its Obligations under the Notes

Risks Relating to the Business of the Group

The Group operates in a heavily regulated industry and requires governmental authorisations to carry out its activities. The Group's failure to obtain such authorisations for new products, or maintain such authorisations for existing products, could harm its business.

The Issuer and its subsidiaries (together with the Issuer, the "**Group**") operate in a highly regulated environment in all jurisdictions in which they operate, and the laws and regulations in the jurisdictions in which they operate are subject to change over time. All of the Group's activities, from conducting research to manufacturing commercialising, marketing, distributing, and importing and exporting its products are subject to laws and regulations. Such laws and regulations can influence the Group's ability (i) to obtain the required authorisations to import and to export plasma and produce, market and export its products, (ii) to obtain authorisations for new products or maintain current authorisations for existing products and activities, and (iii) to operate its production facilities and collection centres See "*Risk Factors— Monitoring the side effects of the Group's products and carrying out clinical studies may be costly and uncertain*".

The Group's collection centres and production facilities are subject to periodic inspections by health agencies. In particular, the Group's collection centres and production facilities in the United States are subject to inspection by both the Food and Drug Administration ("**FDA**") and European health agencies, which allows the Group to distribute plasma-derived products in Europe. In addition, in the United States, the Group is also subject to additional requirements under such laws as the Federal Food, Drug, and Cosmetic Act, the Public Health Service Act, the Foreign Corrupt Practices Act, the Anti-Kickback Statute, the False Claims Act, and various other federal, state, and local laws. Any violations of such laws may result in jail sentences, fines, exclusion from U.S. government health programmes, or other penalties and sanctions. Furthermore, failure to comply with the terms of its authorisations, or with applicable laws and regulations, may require the Group to withdraw a product from the market, subject it to sanctions (including the suspension or revocation of such authorisations) or cause it to close one of its production facilities or collection centres temporarily or permanently. Moreover, failure to obtain, either promptly or at all, the necessary authorisations to sell its products in the various jurisdictions in which the

Group operates could necessitate a change in its sales strategy. If such events were to occur, the Group's business, results of operations and financial condition could be materially adversely affected.

Existing laws and regulations and their interpretation may change, which may make it more difficult or expensive for the Group to be compliant.

The enactment of new laws or regulations or modification of those currently in force could introduce stricter standards requiring the Group to incur additional compliance costs. In addition, if the requirements of different jurisdictions in which the Group operates become less uniform, this could create a greater administrative burden and increase its compliance costs.

In addition, the Group's activities are subject to a broad range of environmental laws and regulations. Any failure to comply with such environmental 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.

No assurance can be given that changes in any of these laws or regulations will not materially adversely affect the Group's business, results of operations and financial condition.

The Group's international operations expose it to risks inherent to international business, any of which could affect the Group's results of operations.

For the year ended 31 December 2013, 66 per cent. of the Group's revenues were generated internationally (i.e., outside of Italy) in over 90 countries. The successful management of such international operations requires considerable management and financial resources. In particular, the Group must align its business culture with the business culture of each country in which it operates. In addition, international operations and the provision of services in foreign markets are subject to additional risks, such as changing market conditions, trade barriers, exchange controls, changes to the tax regime, foreign investment limitations, civil disturbances, labour unrest, terrorism and war. Furthermore, if a market in which the Group has significant operations or a market into which the Group is looking to expand suffers an economic recession and/or currency devaluation, its net sales and accounts receivable collections in that region are likely to decline substantially or it may not be able to successfully expand in that region. No assurance can be given that any such international risks will not materially adversely affect the Group's business, results of operations and financial condition.

The Group sells its pharmaceutical plasma-derived products in Iran, which is subject to sanctions promulgated by the United Nations Security Council, the United States, the European Union and other countries and international organisations.

The Group exports a significant amount of plasma-derived products to Iran. In 2012, Kedrion Italy generated revenues in Iran of €8.2 million, accounting for 2.2 per cent. of its consolidated revenues. In 2013, the Group generated revenues in Iran of €9.1 million, accounting for 2.1 per cent. of its consolidated revenues. The Group expects to continue exporting its plasma-derived products to Iran. However, the Group has not made, and does not plan to make, any direct investments in Iran; although, for the year ended 31 December 2013, the Group has paid €0.36 million in commissions to its local distributors in Iran (relating to sales made in 2013 only).

Although tensions between Iran and the international community have somewhat lessened recently, the United Nations Security Council, the United States, and the European Union still maintain sanctions against Iran. For example, the United States has imposed economic sanctions, which are administered by the U.S. Treasury Department Office of Foreign Asset Control, that prohibit U.S. persons from engaging in most types of transactions relating to Iran. Similarly, the United Nations Security Council and the European Union also maintain sanctions against Iran. In addition, many other nations and international organisations impose further sanctions against Iran. However, none of these sanction programmes, for humanitarian reasons, prohibits the sale of pharmaceuticals to Iran. Therefore, as of the date of this Prospectus, the Group does not believe that the abovementioned sanctions prohibit any of the Group's current business activities in Iran. However, the Group is not able to predict what sanctions will be in effect against Iran in the future and, accordingly, it could be possible that such future sanctions may prohibit the Group's business. In particular, should the tensions between Iran and

the international community worsen, the United Nations Security Council, the United States, the European Union or other countries and/or international organisations may impose additional sanctions that could make it unlawful for the Group to continue its current business activities in Iran, which could have a material adverse effect on the Group's business, financial condition and results of operations.

Regulatory requirements may impair the Group's supply of plasma.

The plasma imported into the member states of the European Union from abroad that is used to manufacture plasma-derived products currently represents approximately 10 per cent. of the Group's total plasma. Such plasma must originate from collection centres that have received the European Manufacturing Practice Certificate (the "**EMPC**"). Furthermore, within the member states of the European Union, the Group may not distribute products derived from plasma imported from collection centres in the United States that are certified by the U.S. FDA unless they also have obtained an EMPC. Similarly, in the United States, in order for plasma to be used in the manufacturing of the Group's plasma-derived products, the individual centres at which the plasma is collected must be licensed by the U.S. FDA. As of the date of this Prospectus, all of the Group's collection centres in the United States have received an EMPC and have been licensed by the U.S. FDA. The introduction of new or further certification requirements affecting the collection or importation of plasma could reduce the plasma supply. If such events were to occur, the Group's business, results of operations and financial condition could be materially adversely affected.

Failure to detect and inactivate known and unknown pathogens may adversely affect the Group's production and sales.

The human plasma used by the Group to produce its products is either supplied by Italian donors or collected or bought in foreign markets, subject to applicable legislation and authorisations.

The Group employs advanced control techniques in compliance with existing laws and regulations to prevent pathogens from affecting the plasma used by the Group. However, these techniques may not be 100 per cent effective, and unknown pathogens could appear, triggering the need for changes in the Group's existing quality control, virus inactivation and production methods and requiring it to develop new detection tests.

A temporary or permanent inability to remove pathogens from the human plasma used by the Group could adversely affect its sourcing, production and sales of plasma-derived products and, therefore, the Group's business, results of operations and financial condition could be materially adversely affected. See "*Risk Factors—Plasma and plasma-derived products are fragile and the production processes are complex, and any improper handling of plasma and plasma-derived products or non-compliance with Good Manufacturing Practices could have an adverse effect on the Group's business*".

The Group relies partly on third parties for the supply of plasma.

The Group obtains a significant portion of its plasma supply through third-party suppliers in Germany, the United States and Austria through its dedicated subsidiaries. The Group's ability to produce plasma-derived products is in part influenced by the ability of third-party suppliers to satisfy quality standards, deliver in a timely manner and meet the Group's specific requests. In the past, the Group experienced interruptions and delays in the supply of plasma due to shortages of plasma and the termination of certain supply agreements.

The Group could face third parties' failure to deliver or late delivery, or the plasma delivered by such third parties could fail to meet the required quality standards. In addition, the Group could experience disruptions in the relationships with its suppliers and may not be able to find available alternatives on equivalent terms, in particular given the limited number of alternative suppliers and legal difficulties associated with resorting to alternative suppliers. If such events were to occur, the Group's business, results of operations and financial condition could be materially adversely affected.

The introduction of new plasma quality requirements may temporarily impair the Group's production.

The plasma utilised by the Group in the production of its plasma-derived products must meet specific quality standards, as set out by applicable laws and regulations, to ensure the quality and the safety of the final product.

The enactment of new laws and regulations imposing new or stricter quality requirements for plasma could reduce the supply of plasma available to the Group and force it to suspend production. If such events were to occur, the Group's business, results of operations and financial condition could be materially adversely affected.

Fluctuations in the supply or demand of plasma-derived products may affect the Group's business.

The plasma derivatives business may be subject to periodic fluctuations of supply or demand as a result of (i) the availability of plasma (which varies according to the number of donors or the frequency with which they donate, or the termination of authorisations for collection centres), (ii) the evolving medical and scientific attitudes towards the use and the effectiveness of such products, and (iii) production capacity.

Such fluctuations are caused by factors beyond the Group's control, and can have a significant impact on the Group's ability to manage its inventory, production and sales activities. If such events were to occur, the Group's business, results of operations and financial condition could be materially adversely affected.

The potential entry of new competitors into the Italian market may reduce the Group's access to Italian plasma and its activities of fractionation on behalf of the Italian regional authorities.

As of the date of this Prospectus, the Group is the only company in Italy with a fully integrated production cycle, which allows it to fractionate national plasma on behalf of the Italian regional authorities. This activity accounts for a significant part of the Group's revenues. However, because Italian law permits companies with a fractionation plant anywhere in the EU to manufacture plasma collected in Italy on behalf of the Italian regional authorities (subject to compliance with the other legal requirements), other companies may also begin fractionating Italian plasma. See "*Description of the Issuer—Regulatory Framework*". If the number of companies processing Italian plasma increases, this could reduce the amount of Italian plasma available to the Group and require it to source and process more plasma from outside of Italy. If such events were to occur, the Group's business, results of operations and financial condition could be materially adversely affected.

Fluctuations in the price of plasma could adversely affect the Group's profit margins.

In the production of plasma derivatives, the cost of plasma represents a substantial portion of the cost of the final product. The average price of purchased plasma has increased by approximately 2 per cent. from 2012 to 2013. If the Group is unable to offset any significant increase in the cost of plasma by raising its prices or reducing other costs, in a timely manner or at all, the Group's business, results of operations and financial condition could be materially adversely affected.

The Group is subject to direct and indirect price controls that affect its ability to maintain or increase prices.

Plasma derivatives are subject to price controls in most of the markets where the Group sells its products. In such markets, either the relevant authorities (including health authorities) or, where applicable, health insurance companies, directly or indirectly impose maximum sales prices and levels of insurance coverage on plasma-derived products. In Italy, in particular, the regional authorities impose a maximum sales price to both the national health system and the regional health authorities. These prices are revised periodically in order to reflect a range of factors, including the costs of the raw materials, production costs and average prices applied in other European countries for similar products. If these revisions do not promptly and accurately reflect increases in the price of plasma, other raw materials or production costs, the Group may not be able to offset such cost increases by raising prices. If such events were to occur, the Group's business, results of operations and financial condition could be materially adversely affected.

Plasma and plasma-derived products are fragile and the production processes are complex, and any improper handling of plasma and plasma-derived products or non-compliance with Good Manufacturing Practice could have an adverse effect on the Group's business.

The Group's primary business activity involves handling plasma and utilising technologically advanced and complex production processes and products, which are extremely fragile. Plasma begins as a raw material that is susceptible to damage and contamination and may contain human pathogens, the occurrence of which would render the plasma unsuitable as a raw material for further manufacturing.

The Group's production process is split into multiple extremely complex phases, each of which requires the execution of specific procedures and controls, which increases the risk that an error may occur during the production cycle, as compared to the production processes of other pharmaceutical sectors. Specifically, the manufacture of plasma-derived products involves the processes of fractionation (separating the plasma into component proteins), purification, filling and finishing.

The Group's products can become non-releasable or otherwise fail to meet the Group's specifications through a failure of one or more of its product testing, manufacturing, process controls and quality assurance processes. Once the Group has manufactured its plasma-derived products, they must be handled carefully and kept at appropriate temperatures.

The Group's production processes are regulated by detailed procedures, commonly known as Good Manufacturing Practices ("**GMPs**") that set out specific requirements for plasma and plasma-derived products. In particular, the collection of plasma and the production and distribution of plasma-derived products must be carried out carefully in appropriate temperatures and environments. Inadequate handling and conservation of plasma or plasma-derived products by the Group or by third parties that supply, ship or distribute them, could prejudice or prevent the Group from using such plasma or selling such products and have an adverse effect on its business, financial condition and results of operations. Any failure to comply with GMPs, which could result in a public health risk, may lead to the suspension or revocation of the operating permits, authorisations, or licences obtained by the Group and required to produce its products.

Even minor variations from GMPs or from the standards maintained by the Group in its products or processes could require it to dispose of an entire batch of products. In 2012, Kedrion Italy disposed of 0.88 per cent. of its consolidated revenues. In 2013, the Group disposed of 1.45 per cent. of its consolidated revenues.

Any such failure to comply with GMPs or any increase in the amount of production disposed of could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group may be prevented from fulfilling its contractual obligations in the event that restrictions are imposed on the export of plasma and plasma-derived products.

In the event of a shortage of plasma or plasma-derived products in countries where the Group collects or purchases plasma or where the Group produces plasma-derived products, national authorities may restrict the export of plasma or of plasma-derived products. Such export restrictions may prevent the Group from importing plasma or from exporting plasma-derived products, which would prevent the Group from fulfilling its contractual obligations. If such events were to occur, the Group's business, results of operations and financial condition could be materially adversely affected.

The Group relies on third parties for the supply of certain raw materials used in the production process.

In line with all the other companies operating in the same industry, the Group is dependent on a limited number of suppliers that provide it with materials such as resins and filters that are necessary for the production of plasma-derived products. Laws and regulations require the Group to obtain certifications for each supplier to ensure that they meet certain quality standards. With respect to certain products, such certifications are subject to subsequent approvals from the relevant authority. In the event the materials supplied by the certified suppliers of the Group are defective, the Group may have to make substantial, lengthy and costly investments to repair or replace such materials.

Furthermore, if the Group faces any changes in the materials supplied and/or if it has to change suppliers, the Group would have to go through the process of obtaining new certifications and sourcing new products, and it may face difficulties in finding new suppliers on short notice and on reasonable economic terms. If such events were to occur, the Group's business, results of operations and financial condition could be materially adversely affected.

Italian self-sufficiency in plasma and plasma-derived products could adversely affect the Group's business, financial condition and results of operations.

Pursuant to both Italian and European law, Italy has set the objective of being able to meet its domestic demands for plasma-derived products using exclusively Italian plasma. If achieved, there will be no domestic demand for products made from foreign plasma. This, in addition to the entry into the Italian market of any new plasma derivatives producers, could reduce the Group's revenues in Italy and, if such events were to occur, the Group's business, results of operations and financial condition could be materially adversely affected.

Any interruption of the normal operations of the Group's production facilities, shipping or distribution channels or of the plasma collection centres may adversely affect its business.

As of the date of this Prospectus, the Group owns four production facilities, two in Italy, one in Hungary and one in the United States. The Group also owns six plasma collection centres in the EU and nine in the United States.

The Group may face interruptions or delays in the production or collection process or in the phases of shipping or distribution. Such interruptions or delays could result from machinery malfunctions, equipment failures, disruptions in the supply of raw materials, labour shortages or strikes, national disasters, terrorism or any *force majeure* event. If such events were to occur, particularly in respect of the Bolognana facility (which carries out 100 per cent. of the Group's plasma fractionation activities in Italy and approximately 43 per cent. of the Group's total plasma fractionation activities), the Group's business, results of operations and financial condition could be materially adversely affected.

The Group operates in a highly competitive industry with increased pressure on pricing.

The plasma-derived product industry is subject to increased competition. The Group's main competitors, such as Baxter, Biotest, CSL Behring, Grifols and Octapharma, are well-established operators in their respective markets and may prove to have greater resources in certain products. As competition has increased, some of the Group's competitors have discounted the price of their products. If customers demand lower-priced products from the Group's competitors, the Group may lose sales or be forced to lower its prices, thereby decreasing its margins.

The Group operates in a highly concentrated market with high barriers to entry, which offers limited access to new competitors. However, the Group's competitors could consolidate their position through mergers, joint ventures, or other forms of commercial agreements. As a result, the Group may face competition from groups who have greater financial resources, size and production capacity, as well as a worldwide presence which is more pervasive and diversified. Such groups could develop greater economies of scale and undertake aggressive pricing policies.

Furthermore, alternative products may render the Group's plasma-derived products less competitive, particularly in the most advanced markets. For example, the Group's plasma-derived products face competition from non-plasma products and other courses of treatments such as genetically engineered alternatives to the plasma-derived products produced by the Group (*i.e.*, "recombinant products"). The increased popularity of recombinant products, and the improvement in the production techniques of such products, may render the production of plasma-derived products uneconomical and the products themselves non-competitive.

If there is any such decline in market share and/or reduced margins caused by competitors lowering their prices, or if competitors merge, or if alternative products increase in popularity, the Group's sales could decline and the Group's business, results of operations and financial condition could be materially adversely affected.

Technological changes in the production of plasma-derived products could make the Group's production processes uneconomical.

In the sector in which the Group operates, technology is constantly evolving. Technological developments could render the current production process uneconomical and could require the Group to invest capital in order to upgrade its facilities and production processes. If the Group does not have the resources to fund such investments or if it is not able, for other reasons, to update its technology in a timely manner, the Group's business, financial condition and results of operations could be adversely affected.

A breakdown of the Group's information technology systems could result in a significant disruption to its business.

The Group's operations are highly dependent on its information technology systems. If the Group were to suffer a breakdown in its systems, storage, distribution or tracking of its products, it could experience significant disruptions affecting its manufacturing, accounting and billing processes. If such events were to occur, the Group's business, results of operations and financial condition could be materially adversely affected.

The use of hazardous materials by the Group could result in accidental contamination of its personnel.

The Group's workforce could be exposed to certain risks (such as infections and diseases transmitted via blood plasma or other biological materials). As of the date of this Prospectus, the Group maintains an insurance policy for civil liability claims of up to €5 million. The Group has implemented security procedures providing for handling and disposal procedures of the materials that it believes are appropriate to limit risks. However, the Group cannot be certain that infections will not occur in the future and result in liability. If such events were to occur, the Group's business, results of operations and financial condition could be materially adversely affected.

In the United States, the Group relies in large part on third parties for the sale, distribution and delivery of its products.

In the United States, the Group regularly enters into distribution, supply and fulfilment contracts with group purchasing organisations, home care companies, alternate infusion sites, hospital groups and others. The Group is highly dependent on these contracts for the successful sale, distribution and delivery of its products. If the parties with which the Group contracts breach, terminate or otherwise fail to perform under such agreements, the Group's ability to effectively distribute its products will be impaired and its business may be materially and adversely affected. Furthermore, the Group may be unable to successfully renegotiate its contracts with such third parties or secure terms which are as favourable to it. In particular, in certain countries, the Group relies on third-party distributors for sales of its products. Disagreements or difficulties with its distributors supporting its export business could result in a loss of sales. In addition, the activities of such third-parties could expose the Group to liability under various laws that govern the conduct of business in the markets in which the Group operates. If the Group were to incur such liability, it could be exposed to civil and/or criminal penalties, loss of business and various other collateral effects. If any such events were to occur, the Group's business, results of operations and financial condition could be materially adversely affected.

Monitoring the side effects of the Group's products and carrying out clinical studies may be costly and uncertain.

The Group is under a continual obligation to monitor its approved and marketed products to identify, review and report to regulatory authorities any adverse side effects. These activities are time-consuming and expensive, and failure to comply with legal requirements can lead to governmental enforcement and penalties. If previously unreported side effects are detected, the Group's authorisations could be suspended or revoked.

Before applying for and obtaining regulatory authorisations for the sale of new products or for new treatments for existing products, the Group must, at its own expense, conduct sufficient preclinical and clinical studies to demonstrate the safety and effectiveness of the products for their intended uses. The duration of such studies depends on factors such as the complexity of the study, the number of patients to be tested and the difficulties in finding volunteers. In addition, even when these clinical studies are carried out by third parties, the Group remains directly responsible for their execution. Such studies are expensive, difficult to implement and may not produce a successful outcome.

If the Group is required to conduct additional clinical studies, is unable to complete them successfully or encounters negative results, it could experience delays in obtaining or be denied such authorisations. If such events were to occur, the Group's business, results of operations and financial condition could be materially adversely affected.

Product liability claims or product recalls could have a material adverse effect on the Group's business.

The Group implements a number of measures (such as screening all donors and testing all samples) and applies specific procedures aimed at eliminating and inactivating pathogens, viruses and other infectious agents which may be present in blood. Nonetheless, the risk of transmission of infectious diseases through plasma-derived products cannot be entirely eliminated. In addition, the use of the products produced and sold by the Group may result in side effects which have not been previously identified.

As a result, the Group may become subject to product liability litigation, including class actions, and suffer financial loss or loss of reputation. In addition, the presence of a defect in a product could require the Group to carry out a recall of such product. As of the date of this Prospectus, the Group has insurance coverage for product liability up to an aggregate of €43 million. See "*Description of the Issuer-Insurance*". However, this coverage may not be sufficient to satisfy the liabilities that may arise from claims relating to the sale of allegedly infectious plasma-derived products or the Group may be unable to subscribe for similar coverage in the future on similar terms. In any event, this insurance policy does not cover claims arising from selling raw plasma to third parties. Therefore, the Group may incur significant litigation/settlement costs and not be adequately covered by its insurance policies. If such events were to occur, the Group's business, results of operations and financial condition could be materially adversely affected.

The failure by public health authorities in Italy to pay in accordance with the applicable contractual terms of the Group's sales agreements with them may negatively affect the Group's working capital levels.

In Italy, the Group sells its plasma-derived products predominantly to public health authorities.

Under the relevant contractual terms, the hospitals and Italian regional authorities are obliged to pay the Group within 90 days of the issuance of an invoice. In 2013, the average maturity of receivables was 99 days for hospitals and 86 days for the Italian regional health authorities. Consequently, at the end of 2013, the Group had overdue receivables amounting to €5.2 million for hospitals and €2.2 million for the Italian regional authorities.

In 2012, Kedrion Italy generated revenues from sales to Italian public sector entities of €136.1 million, accounting for 36 per cent. of its consolidated revenues. In 2013, the Group generated revenues from sales to Italian public sector entities of €134.6 million, accounting for 31.7 per cent. of its consolidated revenues.

As a result of the delays in payment by the public sector entities, the Group has invested a significant amount of financial resources into its working capital, which has affected its liquidity. In addition, the Group has carried out transfers of receivables to improve its liquidity.

If the payment conditions further deteriorate, or if arrangements for the future transfers of receivables are not available on equal or more favourable terms, or if the Group were to experience similar difficulties in any of the other markets in which it operates, the Group's liquidity could be affected and, therefore, the Group's business, results of operations and financial condition could be materially adversely affected.

The Group may infringe or be accused of infringing the intellectual property rights of third parties.

The Group's existing or potential products may infringe or be accused of infringing one or more claims of an issued patent or may fall within the scope of one or more claims in a published patent application that may be subsequently issued and to which the Group does not hold a licence or other rights. Third parties may own or control these patents or patent applications in Europe, in the United States and abroad. These third parties could bring claims against the Group or its collaborators that would cause the Group to incur substantial expenses and, if successful against it, could cause it to pay substantial damages. Further, if a patent infringement suit were brought against the Group or its collaborators, it could stop or delay the research, development, manufacturing or sales of the existing or potential product subject to the claim. Litigation may be necessary to defend against these claims and, even if the Group is successful in defending itself, such claims could result in substantial costs and distractions for the Group's management. If the Group fails to defend any such claims, in addition to paying monetary damages, it may lose valuable intellectual property rights and, therefore, the Group's business, results of operations and financial condition could be materially adversely affected.

The Group is subject to fluctuations in exchange rates.

The consolidated financial statements of the Group are expressed in Euro. The Group purchases plasma and carries out operations in other currencies (such as the U.S. dollar and the Hungarian forint) and is consequently exposed to (i) foreign currency exchange risk, and (ii) the negative impact of the conversion of the non-Euro currency revenues generated by the Issuer's subsidiaries when it prepares the consolidated financial statements. If there are fluctuations in exchange rates, the Group's business, results of operations and financial condition could be materially adversely affected.

The Group may be unable to hire or retain qualified scientific personnel.

The activities of the Group depend, *inter alia*, on its ability to hire and retain qualified scientific personnel for employment in research, development, production and marketing, who are capable of developing and maintaining good relations with important research institutes and relevant authorities. As of 31 December 2013, the Group employed approximately 300 qualified scientific personnel. If the Group is unable to attract or retain qualified scientific personnel, its business, results of operations and financial condition could be materially adversely affected.

The Group may experience difficulties in executing its business strategy.

The Group may not succeed in implementing its current business strategy in full or in part. In particular, the achievement of strategic targets may be negatively affected by events outside of the Group's control, including adverse market conditions. For example, if the Group is unable to obtain the relevant authorisations to produce its products in the Melville plant by 2018, or to produce the RhoGAM medical product by 2017 due to a lack of technology transfer, the Group's business strategy could be materially adversely affected. Furthermore, in order to finance the Group's implementation of its business strategy, it may need to incur additional debt or issue additional equity if cash flows and capital resources are insufficient, and the Group may not be able to structure such obligations on favourable economic terms. If the Group experiences such difficulties in executing or financing its business strategy, the Group's business, results of operations and financial condition could be materially adversely affected.

The Group may be subject to risks in connection with any potential future acquisitions and the integration of such entities may be difficult.

In the ordinary course of its business, the Group continuously explores and evaluates opportunities to enhance its business, broaden its existing operating platforms, achieve operations efficiencies or expand its product offerings.

As a result, the Group has made, and may in the future make, material acquisitions or enter into strategic partnerships or other material transactions. Such transactions could result in the incurrence of additional debt and related interest expense or contingent liabilities and amortisation expenses related to intangible assets, which, in

each case or in the aggregate, could have a material adverse effect on the Group's business, results of operations and financial conditions.

Moreover, acquisitions further expose the Group to risks connected to the integration of the acquired companies into its operations, including: difficulties in integrating an acquired company's hardware and software products and services with its own; the diversion of its resources and management's attention from other business concerns; the potential loss of key employees; risks associated with entering markets in which it may have little experience; and the day-to-day management of a substantially larger and more geographically diverse combined company. In addition, the Group may not realise the synergies, operating efficiencies, market position or revenue growth it anticipates from acquisitions, and its failure to effectively manage the above risks and other problems associated with acquisitions could have a material adverse effect on the Group's results of operations, business, and financial conditions. Acquisitions also pose the risk that the Group may be exposed to successor liability relating to actions by an acquired company and its management before the acquisition. The due diligence that the Group conducts in connection with an acquisition, and any contractual indemnities it may receive from sellers of acquired companies, may not be sufficient to protect the Group from, or compensate it for, actual liabilities. Any of the above occurrences also have a material adverse effect on the Group's business, results of operations and financial conditions, and reduce the anticipated benefits of an acquisition.

The U.S. 2010 Healthcare Reform Law may adversely affect the Group's business.

Through the United States' March 2010 adoption of the Patient Protection and Affordable Care Act and the companion Healthcare and Education Reconciliation Act (collectively, the "**2010 Healthcare Reform Law**"), substantial changes are being made to the current system for paying for healthcare in the U.S. Uncertainty in the ongoing implementation of the 2010 Healthcare Reform Law limits the Group's ability to forecast changes that may occur in the future.

The 2010 Healthcare Reform Law includes certain significant cost savings measures applicable to several federal healthcare programmes that cover the cost of the Group's products, which could have a material adverse impact on the Group's financial performance. For example, the 2010 Healthcare Reform Law, inter alia, increases the rebates that drug manufacturers must pay to state Medicaid programs, requires that manufacturers reimburse each Medicare Part D plan sponsor an amount equal to 50 per cent. of the negotiated price for the manufacturer's brand name drugs and biologics which the Part D plan sponsor has provided to its Medicare Part D beneficiaries who are in the "donut hole" (or a gap in Medicare Part D coverage for beneficiaries who have expended certain amounts for drugs), and imposes an annual fee on manufacturers and importers of branded drugs and biologics based on their sales to US government health programs.

The 2010 Healthcare Reform Law also introduced a biosimilar pathway that permits companies to obtain U.S. FDA approval of versions of existing biologics that are highly similar to innovative biologics based upon reduced documentation and data requirements deemed sufficient to demonstrate safety and efficacy that are less stringent than are required for the pioneer biologics. The new law provides that a biosimilar application may be submitted four (4) years after the reference product was first licensed, but the U.S. FDA may not declare such application effective until twelve (12) years after the date that the relevant product was first licensed. This may, in the future, result in the Group facing greater competition from biosimilar products, including a possible increase in patent challenges, all of which could adversely affect the Group's financial performance.

In addition, the 2010 Healthcare Reform Law has a mechanism to guide healthcare providers on the most efficacious therapies, which could influence the reimbursement or coverage for therapies that are determined to be less cost-effective than others. Should any of the Group's products be determined to be less cost-effective than alternative therapies, the levels of reimbursement for these products, or the willingness to reimburse at all, could be impacted, which could materially impact the Group's financial results.

The 2010 Healthcare Reform Law also imposes burdensome new annual disclosure requirements (set forth in a section of the law known as the Sunshine Act) for pharmaceutical manufacturers with regard to payments or other transfers of value made to U.S. physicians and teaching hospitals, and with regard to certain ownership interests held by physicians in those companies. The information reported will be posted on a public website. Similarly,

pharmaceutical manufacturers are also required to annually report samples of prescription drugs distributed to healthcare providers. Any of the above effects of the 2010 Healthcare Reform Law could have a material adverse effect on the Group's business, results of operations and financial conditions.

The Group is subject to legal proceedings which could adversely affect its consolidated revenues.

As part of the ordinary course of business, companies within the Group are subject to a number of administrative proceedings and civil actions. The Group is currently party to various litigation proceedings. See "*Description of the Issuer—Litigation*". To the extent the Group is not successful in some or all of these matters, or in future legal challenges (including potential class actions or legal proceedings which the Group deems without merit or for which the potential Group liability cannot currently be estimated), the Group's results of operations or financial condition may be materially adversely affected.

The interests of Noteholders may differ from those of the majority shareholder of the Group.

The Marcucci family members own, directly and indirectly, 64.33 per cent. of the ordinary shares and 73.46 per cent. of the voting rights of the Group. Additionally, FSI has certain shareholder rights relating to their investment in the Company. As a result, the Marcucci family members may exercise significant influence over matters requiring shareholder approval, including, among other things, the election of the board of directors, dividend policy and certain fundamental corporate actions, such as the issuance of further bonds, a merger or a disposal. In certain instances FSI may exercise veto powers on certain of these decisions.

Conflicts may arise between the interests of the principal shareholders and those of the Noteholders and the principal shareholders may choose to resolve the conflict in a way that does not coincide with the interests of the Noteholders. Any such conflict could therefore materially and adversely affect the market value of the Notes.

The Group may be affected by the ongoing international financial crisis.

Since the second half of 2007, disruption in the global credit markets has created increasingly difficult conditions in the financial markets. These conditions have resulted in decreased liquidity and greater volatility in global financial markets, and continue to affect the functioning of financial markets and the global economy. In Europe, despite measures taken by several governments, international and supranational organisations and monetary authorities to provide financial assistance to Eurozone countries in economic difficulty and to mitigate the possibility of default by certain European countries on their sovereign debt obligations, concerns persist regarding the debt and/or deficit burden of certain Eurozone countries, including the Republic of Italy, and their ability to meet future financial obligations, given the diverse economic and political circumstances in individual member states of the Eurozone. It remains difficult to predict the effect of these measures on the economy and on the financial system, how long the crisis will exist and to what extent the Issuer's business, results of operations and financial condition may be adversely affected. As a result, the Issuer's ability to access the capital and financial markets and to refinance debt to meet the financial requirements of the Issuer and the Group may be adversely impacted and costs of financing may significantly increase. This could materially and adversely affect the business, results of operations and financial condition of the Issuer, with a consequent adverse effect on the market value of the Notes and the Issuer's ability to meet its obligations under the Notes.

Risk Factors Relating to the Notes

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

The Notes will bear interest at a fixed rate. 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 markets ("**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:

(i) 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 applicable supplement;

(ii) 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 such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;

(iv) understand thoroughly the terms of the Notes; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Notes, unless the potential investor has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The Issuer is a holding company, and as such, its ability to make payments on the Notes depends on the receipt of dividends, interest on intercompany loans and distributions from its subsidiaries and therefore, claims of Noteholders will be structurally subordinated to claims of creditors of its non-Guarantor subsidiaries.

The Issuer carries out its business through its subsidiaries and its principal assets are the equity interests that it holds in its operating subsidiaries. As such, the Issuer depends on the earnings and cash flow of, and the distribution of funds from, these subsidiaries to meet its debt obligations, including its obligations with respect to the Notes. Its subsidiaries may not generate sufficient cash from operations to enable it to make payments of principal and interest on its outstanding indebtedness. In addition, any payment of dividends, distributions, loans or advances to the Issuer by subsidiaries could be subject to restrictions on dividends or, in the case of subsidiaries outside of Italy, restrictions on repatriation of earnings under applicable local law and monetary transfer restrictions in the jurisdictions in which such subsidiaries operate.

After giving effect to the issue of Notes and the application of the net proceeds therefrom, as of 31 December 2013, the Issuer's direct and indirect subsidiaries would have had €73.6 million of gross financial indebtedness and €47.8 million of net financial indebtedness. Generally, creditors of a subsidiary, including trade creditors, secured creditors and creditors holding indebtedness and guarantees issued by a subsidiary and preferred shareholders, if any, of a subsidiary, will be entitled to the assets of that subsidiary 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, effectively be structurally subordinated to the prior payment of all the debts and liabilities of the Issuer's direct and indirect subsidiaries, which are not at the relevant time Guarantors of the Notes, including the rights of trade creditors and preferred shareholders (if any), as well as contingent liabilities, all of which could be substantial. Therefore, all such obligations of the Issuer's direct and indirect non-Guarantor subsidiaries will have to be satisfied before any of the assets of such subsidiaries would be available for distribution, upon liquidation or otherwise, to the Issuer.

Despite its level of indebtedness, the group may still incur significantly more debt.

After giving effect to the issue of Notes and the application of the net proceeds therefrom, as of 31 December 2013, the Group would have had €373.6 million of gross financial indebtedness and €241.1 million of net financial indebtedness. In addition, the Group may be able to incur significant additional indebtedness in the future. Any increased level of indebtedness may increase the risk that the Group may be unable to generate sufficient cash to pay amounts due in respect to its outstanding indebtedness. Although the terms and conditions which govern the Notes and the proposed Facility (as defined below) contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions and the additional indebtedness incurred in compliance with these exceptions could be substantial. If the Group incurs additional indebtedness, the risks related to its business associated with its high level of debt could intensify.

The Notes will be unsecured and effectively subordinated to the Issuer's existing and future secured indebtedness.

After giving effect to the issue of Notes and the application of the net proceeds therefrom, as of 31 December 2013, the Group would have had €6.1 million of outstanding secured indebtedness. The Notes will effectively be subordinated to such secured indebtedness owed by the Issuer. All of this secured indebtedness, and any secured indebtedness that the Issuer may incur in future (subject as provided in the "*Terms and Conditions of the Notes — Restrictions on Priority Indebtedness (Security Interest and Subsidiary Interest*") will effectively be senior to the Notes, to the extent of the value of the assets that secure such indebtedness. In the event of any distribution or payment of the Group's assets in any foreclosure, dissolution, winding-up, liquidation, administration, reorganisation or other insolvency or bankruptcy proceedings, the proceeds from the sale of the assets securing the Group's secured indebtedness will be available to pay obligations on the Notes only after all secured indebtedness has been paid in full.

The Notes are unsecured obligations.

The Notes will be direct, unconditional, unsecured (subject as provided in the "*Terms and Conditions of the Notes —Restrictions on Priority Indebtedness (Security Interest and Subsidiary Interest*") and unsubordinated indebtedness of the Issuer. For more information concerning the ranking of the Notes, see "*Terms and Conditions of the Notes—Guarantees and Status*".

Redemption prior to maturity for tax reasons

In the event that the Issuer would be obliged to increase the amounts payable in respect of the Notes due to any change in or amendment to the laws or regulations of the Republic of Italy or any political subdivision thereof or of any authority therein or thereof having the power to tax or in the interpretation or administration thereof, the Issuer may redeem all outstanding Notes in accordance with the Conditions of the Notes. If this occurs, there can be no assurance that it will be possible to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes.

The Issuer may not have sufficient funds at the time of occurrence of a change of control event to redeem outstanding Notes.

Upon the occurrence of certain events relating to the Issuer as set out in "*Terms and Conditions of the Notes— Redemption and Purchase—Redemption at the Option of the Holders upon a Change of Control*", under certain circumstances, the Noteholders will have the right to require the Issuer to redeem their outstanding Notes at their principal amount plus accrued and unpaid interest, if any, to the date of redemption. However, it is possible that the Issuer will not have sufficient funds at the time of occurrence of such events to make the required redemption of Notes. In addition, except as specifically set out in "*Terms and Conditions of the Notes—Redemption and Purchase—Redemption at the Option of the Holders upon a Change of Control*", the Notes do not contain provisions that provide a right to Noteholders to require the Issuer to purchase or redeem the Notes in any other circumstances.

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

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

(a) Italian substitute tax (*imposta sostitutiva*), pursuant to Italian Legislative Decree No. 239 of 1 April 1996 ("**Decree No. 239/1996**"); and

(b) withholding tax operated in certain member states of the European Union (each a "**Member State**") pursuant to EC Council Directive 2003/48/EC and similar measures agreed with the European Union by certain non-EU countries and territories, a brief description of which is set out in this Prospectus.

See "*Terms and Conditions of the Notes—Taxation*".

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 "*Taxation*".

Italian Substitute Tax

Italian substitute tax is applied to payments of interest and other income (including the difference between the redemption amount and the issue price) at a rate of 20 per cent. to (i) certain Italian resident Noteholders, and (ii) certain non-Italian resident Noteholders who have not filed in due time with the relevant depository a declaration (*autocertificazione*) stating, *inter alia*, that he or she is resident for tax purposes in a country which allows for an adequate exchange of information with the Italian tax authorities.

EU Savings Directive

Under EC Council Directive 2003/48/EC ("**EU Savings Directive**") on the taxation of savings income, Member States are required to provide the tax authorities of another Member State with details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The withholding tax system applies for a transitional period with the rate of withholding currently at 35 per cent. The transitional period is to terminate at the end of the first full tax year following agreement by certain non-EU countries to the exchange of information relating to such payments. A number of non-EU countries and territories have agreed to adopt similar measures (either provision of information or transitional withholding).

On 10 April 2013, Luxembourg officially announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payment of interest (or similar income) as from this date.

The European Commission has proposed certain amendments to the EU Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above. If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.

Investors must rely on the procedures of the Clearing Systems to trade their beneficial interests in the Notes and to receive payments under the Notes.

The Notes will be deposited with a Common Safekeeper for the Clearing Systems. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive Definitive Notes. The Clearing Systems will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through the Clearing Systems. While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to the Clearing Systems for distribution to their accountholders. A holder of a beneficial interest in a Global Note must rely on the procedures of the Clearing Systems to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes. Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the Clearing Systems to appoint appropriate proxies.

Minimum Denomination

The Notes are issued in denominations of €100,000 or higher amounts which are integral multiples of €1,000, up to a maximum of €199,000. Although Notes may not be traded in amounts of less than €100,000, it is possible that they will be traded in amounts that are not integral multiples of €100,000. In such case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than €100,000 may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the minimum denomination. If Definitive Notes are issued, holders should be aware that Definitive Notes which have a denomination that is not an integral multiple of €100,000 may be illiquid and difficult to trade.

Risks Relating to Change of Law

The Conditions of the Notes will be based on English law and, in respect of the mandatory provisions relating to meetings of Noteholders and the Noteholders' Representative (*rappresentante comune*), on Italian law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or, as the case may be, Italian law or any administrative practice thereof after the date of this Prospectus.

Modification and waiver

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally, including, *inter alia*, any proposal to modify the maturity of the Notes or the dates on which interest is payable on them, to reduce or cancel the principal amount of, or interest on, the Notes, or to change the currency of payment of the Notes. 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.

The Conditions of the Notes also provide that the Trustee may, without the consent of the Noteholders or Couponholders, agree to (i) the waiver or authorisation of any breach or proposed breach of any of the provisions of the Notes, and/or (ii) determine, without the consent of the Noteholders or Couponholders, that any Event of Default or potential Event of Default shall not be treated as such, each in the circumstances described in Condition 16.3 (*Modification, Waiver, Authorisation and Determination*).

Insolvency laws applicable to the Issuer may not be as favourable to the Noteholders as bankruptcy laws in other jurisdictions.

The Issuer is incorporated in the Republic of Italy. The Issuer and its Italian subsidiaries (as well as any of its subsidiaries whose centre of interests is deemed to be the Republic of Italy) will be subject to Italian insolvency laws. The Italian insolvency laws may not be as favourable to Noteholders' interests as creditors as the laws of other jurisdictions with which the Noteholders may be familiar.

For instance, if the Issuer becomes subject to certain bankruptcy proceedings, payments made by the Issuer in favour of the Noteholders or the Trustee on their behalf prior to the commencement of the relevant proceeding may be liable to claw-back by the relevant trustee. In particular, in a bankruptcy proceeding (*fallimento*), Italian law provides for a standard claw-back period of up to one year (six (6) months in some circumstances), although in certain circumstances such term can be up to two (2) years.

Furthermore, under Italian law, holders of the Notes do not have any right to vote at any shareholders' meetings of the Issuer. Consequently, Noteholders cannot influence any decisions by the Board of Directors of the Issuer or any decisions by shareholders concerning the Issuer's capital structure, including the declaration of dividends in respect of the Issuer's ordinary shares.

No assurance can be given that the Notes will be listed or that, once listed, the listings will be maintained or that such listings will satisfy the listing requirement of Article 32(8) of Law Decree No. 83 of 22 June 2012 and Decree No. 239/1996.

No assurance can be given that the Notes will be listed or that, once listed, the listings will be maintained or that such listings will satisfy the listing requirement of Article 32(8) of Law Decree No. 83 of 22 June 2012 and Decree No. 239/1996 in order for the Notes to be eligible to benefit from the provisions of such legislation relating to deductibility of interest expense and the exemption from the requirement to apply withholding tax. The Italian tax authorities recently issued an interpretive circular relating to, *inter alia*, the listing requirement of the aforementioned legislation. In the event that the Notes are not listed, or that such listing requirement is not satisfied, its ability to deduct interest expense related to the Notes could be adversely impacted. In addition, in such circumstances, payments of interest, premium and other income with respect to the Notes would be subject to a withholding tax currently at a rate of 20 per cent., and the Group would be required to pay additional amounts with respect to such withholding taxes such that holders receive a net amount that is not less than the amount that they would have received in the absence of such withholding. The Group cannot give any assurance that the Italian tax authorities will not interpret the applicable legislation to require that the listing be effective at closing and the Group cannot give any assurance that the listing can be achieved by the Issue Date. The possible limitation on the deductibility of interest expense and the imposition of withholding taxes with respect to payments on the Notes and the resulting obligation to pay additional amounts to holders of Notes could have a material adverse effect on its financial condition and results of operations.

Risk Factors Relating to Markets Generally

Set out below is a brief description of the principal market risks that may be relevant in connection with an investment in the Notes.

There is no active trading market for the Notes and one cannot be assured.

Application has been made for the Notes to be listed on the Official List of the Irish Stock Exchange and admitted to trading on the regulated market of the Irish Stock Exchange. However, there can be no assurance that the Notes will be accepted for listing or, if listed, will remain listed. The Notes are new securities for which there is currently no market. There can be no assurance as to the liquidity of any market that may develop for the Notes, the ability of Noteholders to sell such Notes or the price at which the Notes may be sold. The liquidity of any market for the Notes will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions, and the Issuer's financial condition, performance and prospects. In an illiquid market, the Noteholders might not be able to sell their Notes at any time at fair market prices.

There can be no assurance that an active trading market for the Notes will develop or, if one does develop, that it will be maintained. If an active trading market does not develop or cannot be maintained, this could have a material adverse effect on the liquidity and trading prices 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 countries or regulatory bodies. See "*Subscription and Sale*".

The Notes have not been, and will not be, registered under the 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 Notes are not rated and credit ratings may not reflect all risks.

Neither the Notes nor the long-term debt of the Issuer is rated. To the extent that any credit rating agencies assign credit ratings to the Notes or any other senior unsecured indebtedness of the Issuer, such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating or the absence of a rating is not a recommendation to buy, sell or hold Notes and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments.

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

DOCUMENTS INCORPORATED BY REFERENCE

The following financial information is incorporated by reference in this Prospectus:

(i) the audited consolidated annual financial statements of the Issuer and its subsidiaries as at and for the years ended 31 December 2013 and 31 December 2012 prepared in accordance with IFRS, which can be found on the website of the Irish Stock Exchange at http://www.ise.ie/Debt-Securities/Individual-Debt-Securities-Data; and

(ii) the audited consolidated annual financial statements of Kedrion S.p.A. and its subsidiaries as at and for the year ended 31 December 2012 prepared in accordance with IFRS, which can be found on the website of the Irish Stock Exchange at http://www.ise.ie/Debt-Securities/Individual-Debt-Securities-Data,

in each case, together with the accompanying notes and auditors' reports. See "*Presentation of Financial Information*".

Cross-Reference List

The tables below show where the information incorporated by reference in this Prospectus can be found in the above-mentioned documents.

Audited consolidated annual financial statements of the Issuer

	2013	2012
Consolidated income statement	Page 37	Page 35
Consolidated statement of financial position	Pages 36-37	Pages 34-35
Consolidated statement of cash flow	Pages 40-41	Pages 38-39
Explanatory notes	Pages 42-91	Pages 40-92
Independent auditors' report	Immediately prior to page 1	Immediately prior to page 1

Audited consolidated annual financial statements of Kedrion S.p.A.

	2012
Consolidated income statement	Page 39
Consolidated statement of financial position	Page 38
Consolidated statement of cash flow	Pages 41-42
Explanatory notes	Pages 43-90
Independent auditors' report	Immediately prior to page 1

Information contained in the above documents other than the information listed in the cross-reference list above is considered additional information and is not required by the relevant schedules of Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive.

The documents set out above are translated into English from the original Italian. The Issuer has accepted responsibility for the accuracy of such translations.

This Prospectus should be read and construed together with the information incorporated by reference herein. Copies of any document incorporated by reference in this Prospectus are available free of charge at the specified office of the Paying Agent, unless such documents have been modified or superseded. Such documents will also be available for viewing on the website of the Irish Stock Exchange (*www.ise.ie*).

CAPITALISATION

The following table sets forth the Group's cash and cash equivalents, total long-term debt, total shareholders' equity and total capitalisation as of 31 December 2013, on an actual basis, without giving effect to any of (i) the net proceeds of the issue of the Notes, expected to amount to €297,450 thousands after deduction of the commissions (but before deduction of other expenses incurred in connection with the issue of the Notes) or (ii) the use of proceeds therefrom. The historical consolidated financial information has been derived from the Group's consolidated financial statements of 31 December 2013 and for the year then ended, prepared by management in accordance with IFRS as adopted by the EU, incorporated by reference in this Prospectus.

Prospective investors should read this table in conjunction with the section entitled "*Use of Proceeds*" and the Group's consolidated financial statements as of 31 December 2013 and for the year then ended.

	(€ in thousands)
Cash and cash equivalents	**52,618**
Current portion of long-term debt	57,364
Non-current portion of long-term debt	87,958
of which:	
Loans	*56,936*
Financial liabilities due to shareholders	*22,078*
Net payables to lease companies	*8,944*
Total long-term debt (A)(*)	**145,322**
Share capital	86,060
Reserves	174,266
Net comprehensive income	32,800
Total shareholders' equity (B)	**293,126**
Total capitalisation (A+B)(**)	**438,448**

(*) As of 31 December 2013, the Group had short-term financial indebtedness of €149,280 thousand and gross financial indebtedness of €294,602 thousand.

(**) Total capitalisation represents total long-term debt plus total shareholders' equity.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which (subject to completion and amendment) will be endorsed on each Note in definitive form. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions Relating to the Notes in Global Form" below.

The €300,000,000 4.625 per cent. Notes due 24 April 2019 (the "**Notes**", which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 18 (*Further Issues*) and forming a single series therewith) of Kedrion Group S.p.A. (the "**Issuer**") are constituted by a trust deed dated 24 April 2014 (as amended or supplemented from time to time, the "**Trust Deed**") made between the Issuer and BNP Paribas Trust Corporation UK Limited as trustee (the "**Trustee**").

These Conditions include summaries of the Trust Deed and Agency Agreement (as defined below), and are subject to the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Agency Agreement dated 24 April 2014 (as amended or supplemented from time to time, the "**Agency Agreement**") made between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as principal paying agent (the "**Principal Paying Agent**") and any other paying agents appointed thereunder from time to time (together with the Principal Paying Agent, the "**Paying Agents**") and the Trustee are available for inspection during normal business hours by holders of the Notes (the "**Noteholders**") and holders of the interest coupons appertaining to the Notes (the "**Couponholders**" and the "**Coupons**" respectively) at the registered office for the time being of the Trustee and at the specified office of each of the Paying Agents. 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 the Agency Agreement applicable to them. References in these Conditions to the Trustee and any Paying Agent shall include any successor appointed under the Trust Deed or the Agency Agreement, as the case may be.

References to "**€**" or "**Euro**" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the functioning of the European Union, as amended.

1. FORM, DENOMINATION AND TITLE

1.1 *Form and Denomination*

The Notes are in bearer form, serially numbered, in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000, with Coupons attached on issue.

1.2 *Title*

Title to the Notes and the Coupons will pass by delivery.

1.3 *Holder Absolute Owner*

The Issuer, each Guarantor (if any), any Paying Agent and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership, trust or other interest therein or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

2. GUARANTEES AND STATUS

2.1 *Guarantees*

On the Issue Date (as defined below), none of the Issuer's Subsidiaries will guarantee the Notes. Following the Issue Date, one or more Subsidiaries of the Issuer (in such capacity a "**Guarantor**", which expression shall include, for the avoidance of doubt, any Successor Guarantor and/or Additional Guarantor (as defined below)) may at any time, subject to the proposed Guarantor satisfying the Trustee's

"Know Your Customer" requirements, by executing and delivering a supplemental trust deed to the Trustee, such supplemental trust deed substantially in the form attached to the Trust Deed, unconditionally and irrevocably guarantee on a joint and several basis (i) the due and punctual payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Agency Agreement, the Notes and the Coupons and (ii) the performance by the Issuer of all of its obligations under the Trust Deed, the Agency Agreement, the Notes and the Coupons. Each Guarantor's obligations in that respect (each, a "**Guarantee**" and together the "**Guarantees**", which expressions shall include, for the avoidance of doubt, any guarantees given by a Successor Guarantor and/or an Additional Guarantor pursuant to Condition 12 (*Events of Default*) and the provisions of the Trust Deed, and subject to the provisions of, and to the limitations contained in, the Trust Deed) shall be contained in the Trust Deed. The Trust Deed shall also provide that the Trustee shall, subject to such amendment of, or supplement to, the Trust Deed as the Trustee shall require and subject to the fulfilment of the conditions set out in the Trust Deed, but without the consent of the Noteholders or the Couponholders, consent to any such Guarantee being provided by such new Guarantor.

Pursuant to Condition 12 (*Events of Default*) below and the provisions of the Trust Deed, the occurrence of a Permitted Reorganisation (as defined in Condition 12 (*Events of Default*)) may require a Successor Guarantor or an Additional Guarantor, as the case may be, to provide a Guarantee in respect of the Notes and the Trust Deed. Such Guarantee will be on a joint and several basis with each other Guarantee, subject to any relevant enforceability exceptions.

2.2 *Status of the Notes*

The Notes and the Coupons are direct, unconditional and (subject to the provisions of Condition 3 (*Restrictions on Priority Indebtedness (Security Interest and Subsidiary Indebtedness)*)) unsecured obligations of the Issuer and rank and will rank *pari passu*, without any preference among themselves and at least *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

2.3 *Status of the Guarantees*

The Guarantees constitutes direct, unconditional and (subject to the provisions of Condition 3 (*Restrictions on Priority Indebtedness (Security Interest and Subsidiary Indebtedness)*)) unsecured obligations of the Guarantors and rank and will rank at least *pari passu* with all other outstanding unsecured and unsubordinated obligations of the relevant Guarantor, present and future, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

2.4 *Release of Guarantees*

The Guarantee of a Guarantor can be released without the consent of Noteholders:

(a) upon the full and final payment and performance of all obligations of the Issuer under the Trust Deed and the Notes; or

(b) to the extent (i) no other Indebtedness of the Issuer or any other Guarantor is then Guaranteed by such Guarantor and (ii) the Priority Leverage Ratio (determined at the time of such release after giving pro forma effect to such release and calculated with reference to the Relevant Period referred to in the latest Compliance Certificate) is not higher than 0.75 to 1.0,

and subject to receipt by the Trustee of a certificate signed by an Authorised Signatory (as defined in the Trust Deed) of the Issuer certifying compliance with conditions (a) or (b) above (as applicable) and upon which the Trustee can rely without liability and without further enquiry.

3. RESTRICTIONS ON PRIORITY INDEBTEDNESS (SECURITY INTEREST AND SUBSIDIARY INDEBTEDNESS)

So long as any of the Notes or Coupons remain outstanding (as defined in the Trust Deed), the Issuer shall not, and shall procure that none of its Subsidiaries will, incur any additional Priority Indebtedness (other than Permitted Priority Indebtedness), if on the date of the incurrence of such additional Priority Indebtedness, the Issuer is not able to incur at least €1.00 of additional Indebtedness pursuant to Condition 4.1 (*Limitation on Indebtedness*) below and the Priority Leverage Ratio relating to the Relevant Period referred to in the latest Compliance Certificate, is higher than 0.75 to 1.0, determined on a *pro forma* basis, assuming for this purpose, that such additional Indebtedness has been incurred, and the net proceeds thereof applied, on the first day of the applicable Relevant Period.

4. FINANCIAL COVENANTS

4.1 *Limitation on Indebtedness*

So long as any of the Notes or Coupons remain 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 Permitted Indebtedness) if, on the date of the incurrence of such additional Indebtedness, the Fixed Charge Coverage Ratio relating to the Relevant Period referred to in the latest Compliance Certificate is less than 2.0 to 1.0, determined on a *pro forma* basis, assuming for this purpose, that such additional Indebtedness has been incurred, and the net proceeds thereof applied, on the first day of the applicable Relevant Period.

For purposes of determining compliance with this Condition 4.1 (*Limitation on Indebtedness*), in the event that an item of Indebtedness meets the criteria of more than one of the categories described in paragraphs (i) through (xiii) of the definition of "Permitted Indebtedness" or is entitled to be incurred pursuant to the Fixed Charge Coverage Ratio or this covenant, the Issuer shall, in its sole discretion, classify (or later reclassify) such item of Indebtedness in any manner that complies with this covenant, *provided that*, an item of Indebtedness incurred pursuant to a Credit Agreement shall only be classified under the category described in paragraph (iii) of the definition of "**Permitted Indebtedness**".

4.2 *Restricted Payments*

The Issuer will not, and (as the case may be, in the case of paragraphs (b) and (c) below) will not cause or permit any of its Subsidiaries to, directly or indirectly:

(a) declare or pay any dividend or make any distribution on or in respect of shares of the Issuer's Capital Stock to holders of such Capital Stock;

(b) purchase, redeem or otherwise acquire or retire for value any Capital Stock of the Issuer;

(c) make any principal payment on, purchase, defease, redeem, prepay, decrease or otherwise acquire or retire for value, prior to any scheduled final maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness;

(each of the foregoing actions set forth in paragraphs (a), (b) and (c) being referred to as a "**Restricted Payment**"), if at the time of such Restricted Payment or immediately after giving effect thereto:

(i) a Default or an Event of Default shall have occurred and be continuing; or

(ii) the Issuer is not able to incur at least €1.00 of additional Indebtedness (other than Permitted Indebtedness) in compliance with Condition 4.1 (*Limitation on Indebtedness*); or

(iii) the aggregate amount of Restricted Payments (including such proposed Restricted Payment) made subsequent to the Issue Date (the amount expended for such purposes, if

other than in cash, being the fair market value of such property as determined in good faith by the Board of Directors of the Issuer) shall exceed the sum of:

(A) 50 per cent. of the cumulative Consolidated Net Income (or if cumulative Consolidated Net Income shall be a loss, *minus* 100 per cent. of such loss) of the Issuer earned subsequent to 1 January 2014 and on or prior to the date the Restricted Payment occurs (the "**Reference Date**") (treating such period as a single accounting period); *plus*

(B) 100 per cent. of the aggregate net cash proceeds and of the fair market value of any marketable securities, in each case, received by the Issuer from any Person (other than a Subsidiary of the Issuer) from the issuance and sale subsequent to the Issue Date of (i) Capital Stock of the Issuer and (ii) debt securities of the Issuer or its Subsidiaries that have been converted into Capital Stock of the Issuer.

Notwithstanding the foregoing, the provisions set forth in the immediately preceding paragraph do not prohibit:

(a) the payment of any dividend within 90 days after the date of declaration of such dividend if the dividend would have been permitted on the date of declaration;

(b) the redemption, repurchase, retirement, defeasance or other acquisition of any shares of Capital Stock or Subordinated Indebtedness of the Issuer, either (i) solely in exchange for shares of Capital Stock of the Issuer or (ii) through the application of net proceeds of a substantially concurrent sale for cash (other than to a Subsidiary of the Issuer) of shares of Capital Stock of the Issuer or equity contributions to the Issuer or (iii) through an issuance of Subordinated Indebtedness of the Issuer or (iv) a combination of paragraphs (i), (ii) and (iii);

(c) the declaration and/or payment of any dividend by a Subsidiary of the Issuer to the holders of its Capital Stock on a *pro rata* basis;

(d) repurchases of Capital Stock deemed to occur upon exercise of stock options or warrants if such Capital Stock represents a portion of the exercise price of such options or warrants;

(e) the payment of an annual dividend equal to 30 per cent. of the Consolidated Net Income; and

(f) additional Restricted Payments in an aggregate amount not to exceed €50 million, provided that to the extent a payment in Condition 4.2(e) has been made then the amount in this Condition 4.2(f) shall be reduced by the amount paid in Condition 4.2(e).

In determining the aggregate amount of Restricted Payments made subsequent to the Issue Date in accordance with paragraph (iii) of the first paragraph of this covenant, amounts expended pursuant to paragraphs (a) and (b)(ii) shall be included in such calculation.

5. COMPLIANCE CERTIFICATE AND SUSPENSION OF COVENANTS

5.1 *Compliance Certificate*

For so long as any Notes remain outstanding, the Issuer will deliver the Compliance Certificate to the Trustee on each Reporting Date confirming its compliance with Condition 3 (*Restrictions on Priority Indebtedness (Security Interest and Subsidiary Indebtedness)*), Condition 4.1 (*Limitation on Indebtedness*) and Condition 4.2 (*Restricted Payments*). In particular, the Compliance Certificate will set forth (i) the Consolidated EBITDA, the Fixed Charges and the Priority Leverage (together with the resulting Fixed Charge Coverage Ratio and Priority Leverage Ratio) and (ii) the cumulative Consolidated Net Income and the amount of Restricted Payments made (together with the resulting difference showing the amount of Restricted Payments which could have been made), in each case, as during the Relevant

Period immediately preceding. As such, the Trustee shall have no duty to monitor compliance by the Issuer with the covenants set out in Condition 3 (*Restrictions on Priority Indebtedness (Security Interest and Subsidiary Indebtedness)*) and Condition 4 (*Financial Covenants*) and can rely without liability and without further enquiry on the Compliance Certificates as to the Issuer's compliance or non-compliance as aforementioned.

As used herein:

"**Reporting Date**" means a date falling (i) no later than sixty (60) days after 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) no later than thirty (30) days after 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 30 days after the approval by the Board of Directors of the Issuer's unaudited semi-annual consolidated financial statements as of and for the six month period ended 30 June 2014.

5.2 *Suspension of Covenants*

To the extent that a Rating Event has occurred and for so long as such Rating Event is outstanding, Condition 3 (*Restrictions on Priority Indebtedness (Security Interest and Subsidiary Indebtedness)*), Condition 4.1 (*Limitation on Indebtedness*), Condition 4.2 (*Restricted Payments*) and Condition 5.1 (*Compliance Certificate*) shall not apply.

For the purpose of this Condition:

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

(a) the Notes are rated BBB- (or the equivalent investment grade credit rating) or higher by at least one rating agency (which is established in the European Union and is included in the list of credit rating agencies registered in accordance with Regulation (EC) No. 1060/2009 on Credit Rating Agencies as amended by Regulation (EU) No. 513/2011); and

(b) no Event of Default has occurred and is continuing.

6. DEFINITIONS

For the purposes of these Conditions:

"**Accounting Principles**" means generally accepted accounting principles (including IFRS, as applicable) as in effect from time to time in Italy, as applied by the Group;

"**Acquired Indebtedness**" means Indebtedness of a Person or any of its Subsidiaries existing at the time such Person becomes a Subsidiary of the Issuer or at the time it merges or consolidates with or into the Issuer or any of its Subsidiaries or assumed in connection with the acquisition of assets from such Person and in each case not incurred by such Person in connection with, or in anticipation or contemplation of, such Person becoming a Subsidiary of the Issuer or such acquisition, merger or consolidation;

"**Capital Stock**" means:

(i) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of Common Stock and Preferred Stock of such Person, and all options, warrants or other rights to purchase or acquire any of the foregoing; and

(ii) with respect to any Person that is not a corporation, any and all partnership, membership or other equity interests of such Person, and all options, warrants or other rights to purchase or acquire any of the foregoing;

"**Capitalised Lease Obligation**" means, as to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as capital lease obligations under IFRS and, for the purposes of this definition, the amount of such obligations at any date shall be the capitalised amount of such obligations at such date, determined in accordance with IFRS;

"**Common Stock**" of any Person means any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock, whether outstanding on the Issue Date or issued after the Issue Date, and includes, without limitation, all series and classes of such common stock;

"**Compliance Certificate**" means the compliance certificate to be delivered on each Reporting Date (as defined in Condition 5 (*Compliance Certificate and Suspension of Covenants*) and signed by a duly Authorised Signatory (as defined in the Trust Deed) of the Issuer, certifying, amongst others, that the Issuer is and has been in compliance with the covenants set out in Condition 3 (*Restrictions On Priority Indebtedness (Security Interest And Subsidiary Indebtedness*) and Condition 4 (*Financial Covenants*) at all times during the Relevant Period or, if the Issuer is not in compliance, giving details of such non-compliance;

"**Consolidated EBITDA**" means, in respect of any Relevant Period, the consolidated operating profit of the Group before taxation (including the results from discontinued operations), 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 and adding back:

(a) depreciation and amortisation;

(b) provisions for risks and other provisions; and

(c) any other exceptional or extraordinary items or expenses incurred during the Relevant Period (*i.e.*, any non-recurring items);

"**Consolidated Net Income**" means, in respect of any Relevant Period, the consolidated net income of the Group in respect of that Relevant Period;

"**Consolidated Total Assets**" means, at any time, the consolidated total assets of the Group;

"**Contractual Bonds**" means performance bonds, bid bonds, advance payment bonds, retention bonds, bonds for taxes and any other similar bond or guarantee instrument, granted directly or indirectly, including by means of a counter guarantee;

"**Credit Agreements**" means any agreement or agreements between the Issuer or one or more Subsidiaries and a financial institution or institutions providing for the making of loans, on a term or revolving basis, the issuance of letters of credit, commercial paper facilities, notes (including, without limitation, securities), receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced (including by means of a sale of debt securities) in whole or in part from time to time in one or more agreements or instruments (in each case with the same or new lenders or institutional investors), including any agreement or instrument extending the maturity thereof or otherwise restructuring all or any portion of the Indebtedness thereunder or increasing the amount loaned or issued thereunder or altering the maturity thereof;

"**Default**" means an event or condition the occurrence of which is, or with the expiry of any grace period or the giving of notice or both could be, an Event of Default;

"**Determination Date**" means each of 30 June and 31 December in each year;

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

"**Existing Qualifying Joint Venture**" means a corporation, partnership or other joint venture entities existing or established on the Issue Date, (i) engaged in a Permitted Business and (ii) in which the Issuer or its Subsidiaries hold, directly or indirectly, an interest of at least 15 per cent.;

"**Fixed Charge Coverage Ratio**" means, for any period, the ratio of the Consolidated EBITDA of the Group for such period to the Fixed Charges of the Group for such period. In the event that the Issuer or any of its Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "**Calculation Date**"), then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect (as determined in good faith by a responsible accounting or financial officer of the Issuer) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period;

In addition, for the purposes of calculating the Fixed Charge Coverage Ratio:

(i) acquisitions that have been made by the Issuer or any of its Subsidiaries, including through mergers or consolidations, and including all related financing transactions and including increases in ownership of Subsidiaries, during the four quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given pro forma effect (as determined in good faith by a responsible accounting or financial officer of the Issuer and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the four quarter reference period;

(ii) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, if positive, or added back, if negative;

(iii) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the Issuer or any of its Subsidiaries following the Calculation Date;

(iv) any Person that is a Subsidiary on the Calculation Date will be deemed to have been a Subsidiary at all times during such four quarter period;

(v) any Person that is not a Subsidiary on the Calculation Date will be deemed not to have been a Subsidiary at any time during such four quarter period; and

(vi) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness);

"**Fixed Charges**" means, with respect to any period, the sum, without duplication, of:

(i) the consolidated interest expense of the Group for such period, whether paid or accrued, including, without limitation, amortisation of debt issuance costs and original issue discount (but not the consolidated residual amortisation value of debt issuance costs, commissions, fees and

expenses related to any Indebtedness existing on the Issue Date that will be repaid using the proceeds of the Notes), non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capitalised Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letters of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations (but excluding any non-cash interest expense attributable under IFRS to foreign currency translations or movement in the mark to market valuation of Hedging Obligations); plus

(ii) the consolidated interest expense of the Group that was capitalised during such period (other than any interest not paid in cash related to any existing and future Subordinated Indebtedness); plus

(iii) any interest on Indebtedness of another Person that is guaranteed by the Group or one of its Subsidiaries or secured by a Security Interest on assets of such Person or one of its Subsidiaries (other than Indebtedness subject to this clause (iii) solely because of the existence of a Security Interest on Capital Stock or other securities of Qualifying Joint Ventures securing obligations of Qualifying Joint Ventures), whether or not such guarantee or Security Interest is called upon (provided that any interest (or other charge) relating to the guarantee by the Issuer or a Subsidiary of Contractual Bond obligations of a third party (including a Qualifying Joint Venture) shall not be included in fixed charges for any period to the extent of the amount of such interest or other charge actually paid by a joint venture partner or other third party (other than the Issuer or a Subsidiary) during or with respect to such period); plus

(iv) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of the Issuer or any of its Subsidiaries, other than dividends on Equity Interests payable to the Issuer or a Subsidiary of the Issuer, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of the Issuer, expressed as a decimal.

For the avoidance of doubt, for the purposes of calculating Fixed Charges, with respect to a Subsidiary that is accounted for using the proportionate method of consolidation, the term "Subsidiary" shall be deemed to include any Person to the extent of the proportional consolidation of such Person in the financial statements of the Group;

"**Future Qualifying Joint Venture**" means any corporation, partnership or other joint venture entity (other than an Existing Qualifying Joint Venture) (i) in which the Issuer or any of its Subsidiaries hold, directly or indirectly, an Equity Interest of at least 15 per cent. and (ii) that is engaged in a Permitted Business;

"**Group**" means the Issuer and its Subsidiaries from time to time, taken as a whole;

"**Group's Consolidated Revenues**" means in respect of any Relevant Period, the consolidated revenues of the Group in respect of that Relevant Period;

"**Hedging Obligations**" means, with respect to any Person, the obligations of such Person under currency exchange, interest rate, energy price or commodity swap, cap and collar agreements, and other similar or like agreements or arrangements;

"**IFRS**" means International Financial Reporting Standards, as adopted by the European Union;

"**Indebtedness**" means with respect to any Person, without duplication,

(i) the principal of indebtedness of such Person for borrowed money;

(ii) the principal of indebtedness of such Person evidenced by bonds, debentures, notes or other similar instruments;

(iii) all Capitalised Lease Obligations of such Person;

(iv) the principal component of obligations representing the deferred purchase price of property or services due more than one year after such property is acquired or such services are completed (but excluding trade accounts payable and other accrued liabilities arising in the ordinary course of business that are not overdue by 180 days or more or are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted);

(v) obligations representing reimbursement obligations in respect of any letter of credit, banker's acceptance or similar credit transaction (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence);

(vi) all Receivables Financing;

(vii) (without double counting) guarantees of the principal component of Indebtedness referred to in paragraphs (i) through (v) above and paragraph (viii) below;

(viii) (without double counting) the principal component of indebtedness of the type referred to in paragraphs (i) through (vi) which are secured by any lien on any property or asset of such Person, the amount of such obligation being deemed to be the lesser of the fair market value (as determined in good faith by the Board of Directors of the Issuer) of such property or asset or the amount of the obligation so secured;

(ix) net obligations under Hedging Obligations of such Person; and

(x) the principal component of obligations or liquidation preference with respect to all Preferred Stock issued by any Subsidiary that is not a Guarantor (but excluding in each case any accrued dividends);

"**Material Subsidiary**" means, at any time, any Subsidiary of the Issuer which (consolidated with its own Subsidiaries, if any) accounts for at least ten (10) per cent. of the Consolidated EBITDA or the Consolidated Total Assets, or any holding company of any such company, as calculated by reference to the then latest audited annual consolidated financial statements of the Issuer and the then latest audited (or, where unavailable, unaudited) financial statements of the relevant Subsidiary (consolidated or non-consolidated, as the case may be);

"**Permitted Business**" means any business that is the same as, or reasonably related, ancillary, incidental or complementary or similar to, any of the businesses in which the Issuer and its Subsidiaries are engaged as of the date hereof or are extensions or developments of any thereof;

"**Permitted Indebtedness**" means:

(i) Indebtedness under the Notes and the Guarantee(s) (if any);

(ii) Indebtedness outstanding on the Issue Date after giving effect to the use of proceeds of the Notes;

(iii) Indebtedness of the Issuer or any of its Subsidiaries incurred pursuant to one or more Credit Agreements in an aggregate principal amount at any time outstanding not to exceed €140 million;

(iv) Hedging Obligations of the Issuer or any of its Subsidiaries (excluding Hedging Obligations entered into for speculative purposes) for the purpose of limiting (a) interest rate risk or (b) exchange rate risk with respect to any currency exchange or (c) energy price risk or (d) commodity risk;

(v) Indebtedness of the Issuer to a Subsidiary of the Issuer or Indebtedness of a Subsidiary of the Issuer to the Issuer or another Subsidiary of the Issuer for so long as such Indebtedness is held by a Subsidiary of the Issuer or the Issuer; provided that any Indebtedness of the Issuer or a

Guarantor to any Subsidiary of the Issuer that is not a Guarantor is unsecured and subordinated, pursuant to a written agreement, to the Issuer's obligations under the Notes;

(vi) Indebtedness of the Issuer or any of its Subsidiaries in respect of performance bonds, performance and completion guarantees, bankers' acceptances, workers' compensation claims, surety or appeal bonds, payment obligations in connection with self-insurance or similar obligations, accrued and unpaid tax liabilities and bank overdrafts (and letters of credit in respect thereof to the extent undrawn, or if and to the extent drawn, is honoured in accordance with its terms and, if to be reimbursed, is reimbursed no later than the 30th business day following receipt of a demand for reimbursement) in the ordinary course of business;

(vii) Refinancing Indebtedness;

(viii) Indebtedness of the Issuer and its Subsidiaries in respect of any customary cash management, cash pooling or netting or setting off arrangements;

(ix) Acquired Indebtedness of any Person outstanding on the date on which such Person becomes a Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any of its Subsidiaries *provided, however*, that at the time of the acquisition or other transaction pursuant to which such Indebtedness was deemed to be incurred, the Issuer would have been able to incur €1.00 of additional Indebtedness pursuant to Condition 4.1 (*Limitation on Indebtedness*) after giving effect to the incurrence of such Indebtedness pursuant to this paragraph;

(x) Indebtedness incurred in any Securitisation Financing;

(xi) Capitalised Lease Obligations in an aggregate principal amount at any time outstanding not to exceed €50 million;

(xii) Indebtedness of the Issuer or any of its Subsidiaries for money borrowed from any governmental entities, quasi-governmental entities, local authorities or other statutory, public or quasi-public entities for the purposes of funding research, development and innovation, including all Refinancing Indebtedness incurred to Refinance any such Indebtedness; *provided that* (i) such Indebtedness is borrowed on terms that are more favourable to the Issuer or such Subsidiary than could be obtained by it from commercial banks on arm's length terms at the time of incurrence (as determined in the reasonable judgment of a member of senior management of the Issuer or by a responsible financial or accounting officer of the Issuer), and (ii) the aggregate amount at any one time outstanding under this clause (xii) does not exceed €20 million;

(xiii) Subordinated Indebtedness; and

(xiv) any Indebtedness of the Issuer and/or its Subsidiaries (other than the Indebtedness referred to in items (i) to (xiii) above) up to an aggregate principal amount equal to €50 million.

"**Permitted Priority Indebtedness**" means Indebtedness of the Issuer or a Subsidiary subject to any of the following Security Interests:

(i) Security Interests in favour of the Issuer or any of the Subsidiaries;

(ii) Security Interests on property (including Capital Stock) of a Person existing at the time such Person becomes a Subsidiary or is merged with or into or consolidated with the Issuer or any Subsidiary; provided that such Security Interests were in existence prior to such Person becoming a Subsidiary or such merger or consolidation and do not extend to any assets other than those of the Person that becomes a Subsidiary or is merged with or into or consolidated with the Issuer or any Subsidiary;

(iii) Security Interests incurred or deposits made in the ordinary course of business that are incidental to the conduct of business or the ownership of properties and assets;

(iv) Security Interests existing on the Issue Date;

(v) Security Interests for taxes, assessments or governmental charges or claims that (a) are not yet due and payable, or (b) are being contested in good faith by appropriate proceedings or, (c) other Security Interests arising by operation of law or regulation and incurred in the ordinary course of business;

(vi) Security Interests created for the benefit of (or to secure) the Notes (or any Guarantees);

(vii) Security Interests to secure any Refinancing Indebtedness permitted to be incurred under these Conditions; provided, however, that:

(a) the new Security Interest is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Security Interest arose, could secure the original Security Interest (plus improvements and accessions to, such property or proceeds or distributions thereof); and

(b) the Indebtedness secured by the new Security Interest is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(viii) bankers' liens, rights of setoff or similar rights and remedies as to deposit accounts, liens arising out of judgments or awards not constituting an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(ix) Security Interests securing permitted Hedging Obligations, including rights of offset and set-off;

(x) Security Interests on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(xi) Security Interests (a) arising out of leases (including operating leases), licenses, subleases and sublicenses of assets, conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business and (b) on property or assets under construction (and related rights) in favour of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(xii) Security Interests on receivables assets and related assets incurred in connection with any Securitisation Financing;

(xiii) Security Interests (including put and call arrangements) on Capital Stock or other securities of any Qualifying Joint Venture that secure Indebtedness of such Qualifying Joint Venture; and Security Interests in respect of the ownership interests in any joint ventures which are not Subsidiaries securing obligations of such joint ventures, or in either case, securing Indebtedness in respect thereof the incurrence of which is permitted under these Conditions;

(xiv) any extension, renewal, refinancing or replacement, in whole or in part, of any Security Interest described in the foregoing clauses (i) through (xiii); provided that any such Security Interest is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or

dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Security Interest arose, could secure) the Indebtedness being refinanced; and

(xv) any other Security Interest provided that the total amount of Indebtedness which has the benefit of such security (determined at the time such Security Interest is established) of the Issuer or its Subsidiaries does not exceed at any one time outstanding 15% of the Consolidated Total Assets of the Issuer as set out in the most recently available consolidated financial statements of the Issuer.

"**Person(s)**" 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;

"**Preferred Stock**" of any Person means any Capital Stock of such Person that has preferential rights to any other Capital Stock of such Person with respect to dividends or redemptions or upon liquidation;

"**Priority Indebtedness**" means, as of any date of determination, any Indebtedness (excluding Receivables Financings) for borrowed money that is secured by a Security Interest and any Indebtedness of a non-Guarantor Subsidiary of the Issuer but excluding Indebtedness incurred under clauses (v), (vi), (viii) and (xi) of the definition of Permitted Indebtedness and Indebtedness secured by a Security Interest of the type specified under clauses (ii), (iii), (v), (vi), (viii), (x), (xi) and (xii) of the definition of Permitted Priority Indebtedness; provided any such Indebtedness that is secured by a Security Interest shall not be deemed to constitute Priority Indebtedness to the extent the Notes and the Guarantee(s), if applicable, are secured on at least an equal and rateable basis by a Security Interest on the property and assets securing such Indebtedness;

"**Priority Leverage**" means, as of any date of determination, the sum of the total amount of Priority Indebtedness of the Issuer and its Subsidiaries on a consolidated basis;

"**Priority Leverage Ratio**" means, as of any date of determination, the ratio of (a) Priority Leverage, less cash on the consolidated balance sheet of the Issuer on such date (determined in good faith by the Issuer), provided any cash received in connection with the incurrence of Indebtedness for which such determination is being made shall not be included in such cash amounts used for such determination, to (b) the Consolidated EBITDA of the Issuer for the period of the most recent four quarter period for which financial statements are available, in each case with such pro forma adjustments to Indebtedness and Consolidated EBITDA as are appropriate and consistent with the pro forma provisions set forth in the definition of "Fixed Charge Coverage Ratio";

"**Qualifying Joint Venture**" means any Existing Qualifying Joint Venture or Future Qualifying Joint Venture (which at the time of any determination made under the Trust Deed is not designated as a Subsidiary);

"**Receivables Financings**" means factoring, securitisations of receivables or any other receivables financing (including, without limitation, through the sale of receivables in a factoring arrangement or through the sale of receivables to lenders or to special purpose entities formed to borrow from such lenders against such receivables), whether or not with recourse to the Issuer or any of its Subsidiaries, but in each case only to the extent that such factoring, securitisation or financing would either be treated as financial payables under Accounting Principles or as indebtedness under IFRS as of the Issue Date;

"**Refinance**" means, in respect of any security or Indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue a security or Indebtedness in exchange or replacement for, such security or Indebtedness in whole or in part. "**Refinanced**" and "**Refinancing**" shall have correlative meanings;

"**Refinancing Indebtedness**" means any Refinancing by the Issuer or any Subsidiary of the Issuer of Indebtedness incurred in accordance with Condition 4.1 (*Limitation on Indebtedness*) and paragraphs (i), (ii), (vii), (ix) and (xiv) of the definition of "**Permitted Indebtedness**", in each case that does not:

(i) result in an increase in the aggregate principal amount of Indebtedness of such Person as of the date of such proposed Refinancing (*plus* the amount of any premium or accrued interest required to be paid under the terms of the instrument governing such Indebtedness and *plus* the amount of reasonable fees and expenses incurred by the Issuer in connection with such Refinancing); or

(ii) create Indebtedness with: (a) a Weighted Average Life to Maturity that is less than the Weighted Average Life to Maturity of the Indebtedness being Refinanced; or (b) a final maturity earlier than the final maturity of the Indebtedness being Refinanced; *provided that* (x) if such Indebtedness being Refinanced is Indebtedness solely of a Guarantor, then such Refinancing Indebtedness shall be Indebtedness solely of one or more of the Guarantors and (y) if such Indebtedness being Refinanced is subordinate or junior to the Notes or any Guarantee, then such Refinancing Indebtedness shall be subordinate to the Notes or such Guarantee, as the case may be, at least to the same extent and in the same manner as the Indebtedness being Refinanced;

"**Relevant Period**" means a 12-month period ending on a Determination Date;

"**Securitisation Financing**" means any financing pursuant to which the Issuer or any of its Subsidiaries may sell, convey or otherwise transfer to any other Person or grant a security interest in, any accounts receivable (and related assets) in any aggregate principal amount equivalent to the fair market value of such accounts receivable (and related assets) of the Issuer or any of its Subsidiaries; provided that (a) the covenants, events of default and other provisions applicable to such financing shall be on market terms (as determined in good faith in the reasonable judgment of a member of senior management of the Issuer or in good faith by a responsible financial or accounting officer of the Issuer) at the time such financing is entered into, (b) the interest rate applicable to such financing shall be a market interest rate (as determined in good faith in the reasonable judgment of a member of senior management of the Issuer or in good faith by a responsible financial or accounting officer of the Issuer) at the time such financing is entered into and (c) such financing shall be non-recourse (as determined in good faith in the reasonable judgment of a member of senior management or in good faith by a responsible financial or accounting officer of the Issuer) to the Issuer or any of its Subsidiaries except to a limited extent customary (as determined in good faith in the reasonable judgment of a member of senior management or by a responsible financial or accounting officer of the Issuer in good faith) for such transactions;

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

"**Subordinated Indebtedness**" means Indebtedness of the Issuer or any Guarantor that is subordinated or junior in right of payment to the Notes or the Guarantee of such Guarantor, as the case may be, provided that such Subordinated Indebtedness:

(i) does not mature or require any amortisation or other payment of principal prior to the first anniversary of the maturity of the Notes (other than through conversion or exchange of any such security or instrument for Equity Interests of the Issuer or for any other security or instrument meeting the requirements of the definition);

(ii) does not require the payment of cash interest prior to the first anniversary of the maturity of the Notes;

(iii) is subordinated in right of payment to the prior payment in full in cash of the Notes in the event of any default, bankruptcy, reorganisation, liquidation, winding up or other disposition of assets of the Issuer; and

(iv) does not restrict the payment of amounts due in respect of the Notes or compliance by the Issuer with its obligations under the Notes and the Trust Deed.

"**Subsidiary**" means *società controllata*, as defined in Article 2359, paragraph 1, numbers 1 and 2, of the Italian Civil Code; and

"**Weighted Average Life to Maturity**" means, when applied to any Indebtedness at any date, the number of years obtained by *dividing* (a) the then outstanding aggregate principal amount of such Indebtedness into (b) the sum of the total of the products obtained by *multiplying* (i) the amount of each then remaining instalment, sinking fund, serial maturity or other required payment of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between such date and the making of such payment.

7. INTEREST

7.1 *Interest Rate and Interest Payment Dates*

The Notes bear interest on their outstanding principal amount from and including 24 April 2014 (the "**Issue Date**") at the rate of 4.625 per cent. per annum (the "**Rate of Interest**"), payable annually in arrear on 24 April in each year (each an "**Interest Payment Date**"). The first payment (representing a full year's interest) shall be made on 24 April 2015. The amount of interest payable on each Interest Payment Date shall be €46.25 per Calculation Amount (as defined below).

7.2 *Interest Accrual*

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue (both before and after judgement) until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) seven (7) days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Principal Paying Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 14 (*Notices*) (except to the extent that there is any subsequent default in payment).

7.3 *Calculation of Broken Interest*

If interest is required to be paid in respect of a Note on any date other than an Interest Payment Date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, *multiplying* the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest cent, with 0.5 cents being rounded upwards and *multiplying* such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount.

In these Conditions:

(a) "**Calculation Amount**" means €1,000; and

(b) "**Day Count Fraction**" means (a) the actual number of days in the period from and including the date from which interest begins to accrue (the "**Accrual Date**") to but excluding the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date.

8. PAYMENTS

8.1 *Payments in Respect of Notes*

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

8.2 *Method of Payment*

Payments will be made by credit or transfer to a euro account (or to any other account to which euro may be credited or transferred) specified by the payee with a bank in a city in which banks have access to the TARGET System.

8.3 *Missing Unmatured Coupons*

Each Note should be presented for payment together with all relative unmatured Coupons failing which the full amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of ten (10) years after the Relevant Date (as defined in Condition 10 (*Taxation*)) in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 11 (*Prescription*)) or, if later, five (5) years after the date on which the Coupon would have become due, but not thereafter.

8.4 *Payments Subject to Applicable Laws*

Payments in respect of principal and interest on Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 10 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

8.5 *Payment Only on a Presentation Date*

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 7 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date for such payment.

In these Conditions:

(a) "**Business Day**" means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place;

(b) "**Presentation Date**" means a day which (subject to Condition 11 (*Prescription*)):

(i) is or falls after the relevant due date;

(ii) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and

(iii) in the case of payment by credit or transfer to a euro account as referred to above, is a TARGET2 Settlement Day;

(c) "**TARGET Settlement Day**" means any day on which the TARGET System is open for the settlement of payments in euro; and

(d) "**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) system.

8.6 *Partial Payments*

If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

8.7 *Initial Paying Agents*

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents *provided that*:

(a) there will at all times be a Principal Paying Agent;

(b) so long as the Notes are listed on any stock exchange or admitted to trading by any relevant authority, a Paying Agent (which may be the Principal Paying Agent) having its specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;

(c) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and

(d) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the Republic of Italy.

Notice of any termination or appointment and of any changes in specified offices will be given to the Trustee and the Noteholders promptly by the Issuer in accordance with Condition 14 (*Notices*).

9. REDEMPTION AND PURCHASE

9.1 *Redemption at Maturity*

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount together with any accrued and unpaid interest on 24 April 2019, subject as provided in Condition 8 (*Payments*).

9.2 *Redemption for Taxation Reasons*

If the Issuer certifies to the Trustee immediately before the giving of the notice referred to below that:

(a) as a result of any change in, or amendment to, the laws or regulations of the Relevant Taxing Jurisdiction, or any change in the application or official interpretation of such laws or regulations (including a decision made by a court of competent jurisdiction), which change or amendment becomes effective after 17 April 2014, the Issuer or, if the Guarantees were called, the relevant Guarantor would be required to pay additional amounts as provided or referred to in Condition 10 (*Taxation*); and

(b) such obligation cannot be avoided by the Issuer or the relevant Guarantor, as the case may be, taking reasonable measures available to it,

the Issuer may, at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable), redeem the Notes in whole, but not in part, at any time, at their principal amount together with interest accrued to but excluding the date of redemption provided that (i) no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or any Guarantor, as the case may be, would be obliged to pay such additional amounts if a payment in respect of the Notes were then payable and (ii) unless, at the time such notice is given, such change or amendment remains in effect (or due to take effect).

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (i) a certificate signed by two Authorised Signatories (as defined in the Trust Deed) of the Issuer or, as the case may be, the relevant Guarantor stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer or, as the case may be, the relevant Guarantor taking reasonable measures available to it and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer (or the Guarantors, as the case may be) has or will become obliged to pay such additional amounts as a result of such change or amendment, and the Trustee shall be entitled to accept the certificate without liability to any person and without further enquiry and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

In these Conditions, the "**Relevant Taxing Jurisdiction**" means:

(a) in respect of payments by the Issuer, the Republic of Italy or any political subdivision or any agency or authority thereof or therein having power to tax; or

(b) in respect of payments by any Guarantor, Additional Guarantor or Successor Guarantor, the jurisdiction of such Guarantor, Additional Guarantor or Successor Guarantor, or any political subdivision or any authority thereof or therein having power to tax or in each such case any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Guarantor, Additional Guarantor or Successor Guarantor, as the case may be, becomes subject in respect of payments made by it of principal and interest on the Notes and Coupons;

(c) in each of the above cases, any other jurisdiction or any political subdivision or any agency or authority thereof or therein having power to tax to which the Issuer may become subject in respect of payments of principal and interest on the Notes and Coupons or, in the case of any Guarantor, under the respective Guarantee.

9.3 *Redemption at the Option of the Holders upon a Change of Control*

Promptly and in any event within ten (10) Business Days after the occurrence of a Change of Control (as defined below), the Issuer will give written notice thereof (a "**Change of Control Notice**") to the holders of all outstanding Notes in accordance with Condition 14 (*Notices*), which Change of Control Notice shall (i) refer specifically to this Condition 9.3 (*Redemption at the Option of the Holders upon a Change of Control*), (ii) describe in reasonable detail the event or circumstances resulting in the Change of Control, (iii) specify the date for redemption of the Notes, which shall be a Business Day not less than 30 days and not more than 90 days after the date of such Change of Control Notice ("**Change of Control Redemption Date**"), (iv) offer to redeem, on the Change of Control Redemption Date, all Notes at their principal amount together with interest accrued thereon to the Change of Control Redemption Date and (v) specify the date by which holders must provide written notice to the Issuer of such holder's redemption, which shall be not less than fifteen (15) days prior to the Change of Control Redemption Date (the "**Change of Control Response Date**"). For so long as the Notes are listed on the regulated market of the Irish Stock Exchange and the rules of such exchange so require, the Issuer shall also notify the Irish Stock Exchange promptly of any Change of Control. The Issuer shall redeem on the Change of Control Redemption Date all of the Notes held by Noteholders that requires the redemption at the price specified above. If any holder does not require early redemption on or before the Change of Control

Response Date, such holder shall be deemed to have waived its rights under this Condition 9.3 (*Redemption at the Option of the Holders upon a Change of Control*) to require early redemption of all Notes held by such holder in respect of such Change of Control but not in respect of any subsequent Change of Control.

To exercise the right to require early redemption of any Notes, the holder of the Notes must deliver at the specified office of any Paying Agent, on any Business Day before the Change of Control Response Date, a duly signed and completed notice of exercise in the form (for the time being current and which may, if such Notes are held in a clearing system, be in any form acceptable to such clearing system and may be delivered in any manner acceptable to such clearing system) obtainable from the specified office of any Paying Agent (a "**Put Notice**") and in which the holder must specify a bank account to which payment is to be made under this Condition accompanied by such Notes or evidence satisfactory to the Paying Agent concerned that such Notes will, following the delivery of the Put Notice, be held to its order or under its control. A Put Notice given by a holder of any Note shall be irrevocable except where, prior to the Change of Control Redemption Date, an Event of Default has occurred and is continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Put Notice.

As used herein, a "**Change of Control**" shall be deemed to have occurred if any Person or Persons (other than a Permitted Holder) acquire Control of the Issuer.

For the purposes of this definition;

"**Control**" means the power to (i) appoint or remove a majority of the directors of the Issuer or (ii) exercise more than 50 per cent. of the voting rights normally exercisable at the Issuer's ordinary and extraordinary shareholders' meetings;

"**Marcucci Family Shareholder**" means Mr. Paolo Marcucci, whose tax code (*codice fiscale*) is MRCPLA63D02A6578W, Mr. Andrea Marcucci, whose tax code (*codice fiscale*) is MRCNDR65E28A657T, Ms. Maria Lina Marcucci, whose tax code (*codice fiscale*) is MRCMLN54A68A657T and Ms. Iole Capannacci, whose tax code (*codice fiscale*) is CPNLIO31P61A657I; and

"**Permitted Holder(s)**" means (a) any Marcucci Family Shareholder, (b) Fondo Strategico Italiano S.p.A and (c) any Related Party of the foregoing; and

"**Related Party**" means:

(i) a spouse, or Relative of any individual Permitted Holder, any trust or partnership for the benefit of one or more of such individuals and any such spouse or Relative (including by adoption), or the estate, executor, trustee, fiduciary, administrator, committee, legal representatives or beneficiaries of any thereof; or

(ii) Sestant Internazionale S.p.A., or any trust, corporation, partnership, limited liability company or other entity, the beneficiaries, stockholders, partners, members, owners or Persons beneficially holding a majority (and controlling) interest of which consist of any one or more Permitted Holders and/or such other Persons referred to in the immediately preceding paragraph (i).

"**Relative**" shall be interpreted in accordance with Articles 74-77 of the Italian Civil Code, as set forth as of the date hereof.

9.4 *Redemption at the Option of the Issuer*

The Issuer may, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the Notes, at any time (the "**Optional Redemption Date**") at a redemption price per Note equal to the greater of:

(a) 100 per cent. of the nominal amount of the Note; or

(b) as determined by the Reference Dealers (as defined below), the sum of the then current values of the remaining scheduled payments of principal and interest on the Note (not including any interest accrued on the Note 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) 366) at the Reference Dealer Rate (as defined below),

plus, in each case, any interest accrued on the Notes to, but excluding, the Optional Redemption Date. Any notice so given shall oblige the Issuer to redeem the Notes on the Optional Redemption Date accordingly.

For the purpose of this Condition:

"**Reference Dealer Rate**" means, with respect to the Reference Dealers and the Optional Redemption Date, the average of the mid-market annual swap rate as determined by the Reference Dealers at 11.00 a.m. London time, on the third business day in London preceding such Optional Redemption Date quoted in writing to the Issuer by the Reference Dealers. For this purpose, the "***mid-market annual swap rate***" means the arithmetic mean of the bid and offered rates for the annual fixed leg calculated on such Optional Redemption Date on a 30/360 day count basis on a fixed-for-floating euro interest rate swap transaction maturing on the date originally scheduled for the redemption of the Notes; and

"**Reference Dealers**" means Banca IMI S.p.A. and Natixis S.A., or their successors.

9.5 *No Other Redemption*

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 9.1 (*Redemption at Maturity*) to 9.4 (*Redemption at the Option of the Issuer*) above.

9.6 *Purchases*

The Issuer, any Guarantor or any of their respective Subsidiaries may at any time purchase Notes (*provided that* all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price. Such Notes may be held, reissued or resold or, at the option of the Issuer, surrendered to the Principal Paying Agent for cancellation. Any Notes so purchased, while held by or on behalf of the Issuer, any Guarantor or any of their respective Subsidiaries, shall not entitle the holder to vote at any meetings of the Noteholders.

9.7 *Cancellations*

All Notes which are (i) purchased by the Issuer, any Guarantor or any of their respective Subsidiaries and surrendered for cancellation or (ii) redeemed, and any unmatured Coupons attached to or surrendered with them, shall be cancelled and may not be reissued or resold.

9.8 *Notices Final*

Upon the expiry of any notice as is referred to in Conditions 9.2, 9.3 or 9.4 above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such Conditions. If more than one notice of redemption is given by the Issuer pursuant to these Conditions, or a Noteholder

delivers a Put Notice pursuant to Condition 9.3 (*Redemption at the Option of the Holders upon a Change of Control*), the first in time of such notices shall prevail.

10. TAXATION

10.1 *Payment without Withholding*

All payments in respect of principal and interest by the Issuer in respect of the Notes and the Coupons or by any Guarantor under a Guarantee, as the case may be, will be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of any of the Relevant Taxing Jurisdictions, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer or, as the case may be, the relevant Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would have been received in respect of the Notes or (as the case may be) Coupons in the absence of such withholding or deduction, except that no additional amounts shall be payable with respect to any Note or Coupon:

(a) presented for payment by, or by a third party on behalf of, a holder who is liable to such Taxes, in respect of such Note or Coupon by reason of its having some connection (otherwise than merely by holding the Note or Coupon) with the Relevant Taxing Jurisdiction; or

(b) presented for payment in the Republic of Italy; or

(c) for or on account of *imposta sostitutiva* pursuant to the provisions of Legislative Decree No. 239 of 1 April 1996, as amended, supplemented or restated from time to time ("**Decree No. 239**") or related implementing regulations; or

(d) in 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 No. 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

(e) in respect of any payment to a holder who is a non-Italian resident individual or legal entity which is resident in a country which does not allow for a satisfactory exchange of information with the Italian tax authorities pursuant to Article 6 of Decree No. 239; or

(f) presented for payment more than thirty (30) days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the thirtieth such day; or

(g) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(h) held by or on behalf of a Noteholder or Couponholder who would have been able lawfully to avoid (but has not so avoided) such deduction or withholding by complying with any statutory requirements; or

(i) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union, without prejudice to the option of the Issuer to redeem the Notes pursuant to, and subject to the conditions of, Condition 9.2 (*Redemption for Taxation Reasons*).

10.2 *Interpretation*

In these Conditions:

(a) the "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the holders of Notes in accordance with Condition 14 (*Notices*) that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, *provided that* payment is in fact made upon such presentation; and

(b) 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 10 (*Taxation*).

11. PRESCRIPTION

Notes and Coupons will become void unless presented for payment within periods of ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 8 (*Payments*).

12. EVENTS OF DEFAULT

If any of the following events ("**Events of Default**") occurs then the Trustee at its discretion may, and if so requested in writing by holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution (as defined in the Trust Deed), shall, in each case, subject to its being indemnified and/or secured and/or prefunded to its satisfaction, give notice to the Issuer that the Notes are, and shall accordingly forthwith become, immediately due and repayable at their principal amount, together with interest accrued to the date of repayment:

(a) *Non-payment*: if default is made in the payment of any amount of principal in respect of the Notes when due and such failure continues for a period of three (3) TARGET Settlement Days, or if default is made in the payment of any amount of interest in respect of the Notes when due and such failure continues for a period of seven (7) TARGET Settlement Days; or

(b) *Breach of other obligations*: if the Issuer or any Guarantor fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where the Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of thirty (30) days (or such longer period as the Trustee may in its absolute discretion permit) following the service by the Trustee on the Issuer or the relevant Guarantor (as the case may be) of notice requiring the same to be remedied; or

(c) *Cross-default*: (i) any other Indebtedness of the Issuer, any Guarantor or any Material Subsidiary becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such Indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer, any Guarantor or any Material Subsidiary fails to pay when due or, as the case may be, within any applicable grace period, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any Indebtedness, *provided that* the aggregate amount of the Indebtedness, guarantees and/or indemnities in respect of which one or more of the events mentioned in this paragraph (c) have occurred (in the case of (iii) taking into account only the amount which the relevant person has failed to pay) equals or exceeds €15,000,000 or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against euro as quoted by any leading bank on the day on which this paragraph operates); or

(d) *Enforcement proceedings*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a Substantial Part of the property, assets or revenues of the Issuer, any Guarantor or any Material Subsidiary and is not discharged or stayed within forty-five (45) days; or

(e) *Security enforced*: any mortgage, charge, pledge, lien or other encumbrance, created or assumed by the Issuer, any Guarantor or any Material Subsidiary in respect of all or a Substantial Part of the property, assets or revenues of the Issuer becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and such enforcement is not discharged or stayed within forty-five (45) days; or

(f) *Insolvency/Composition*: the Issuer, any Guarantor or any Material Subsidiary is (or is deemed by applicable law or by a competent court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a Material Part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a Material Part of the debts of the Issuer, any Guarantor or any Material Subsidiary; or

(g) *Winding up/ Cessation of business*: an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer, any Guarantor or any Material Subsidiary, or the Issuer, any Guarantor or any Material Subsidiary ceases or threatens to cease to carry on all or a Substantial Part of its business or operations, in each case save for the purposes of, or pursuant to, a Permitted Reorganisation; or

(h) *Analogous event*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in the paragraphs (d) to (g) above; or

(i) *Unlawfulness*: if it is or will become unlawful for the Issuer or any Guarantor to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed or any such obligations cease or will cease to be legal, valid, binding and enforceable; or

(j) *Guarantee*: if, other than as a result of a release effected pursuant to Condition 2.4, any Guarantee ceases to be, or is claimed by the Issuer or either Guarantor not to be, in full force and effect, save for the purposes of, or pursuant to, a Permitted Reorganisation; or

(k) *Guarantor*: if any Guarantor ceases to be a subsidiary wholly-owned and controlled, directly or indirectly, by the Issuer, save for the purposes of, or pursuant to, a Permitted Reorganisation.

As used herein:

"**Permitted Reorganisation**" means any "*fusione*" or "*scissione*" (such expressions bearing the meanings ascribed to them by the laws of the Republic of Italy) or any other reconstruction, amalgamation, reorganisation, merger, consolidation, disposal or transfer of assets or other similar arrangement (including any series of connected transactions), in each case:

(a) on terms approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders; or

(b) whereby the Issuer, a Guarantor or a Material Subsidiary sells, transfers, leases, exchanges or otherwise disposes of its business (or a Substantial Part thereof) (whether in the form of property or assets, including any receivables, shares, interest or other equivalents or corporate stock or other indicia of ownership) at a value that is confirmed by the Board of Directors to be (or have been) realised in an arm's length sale; or

(c) in the case of a Material Subsidiary, whilst solvent, whereby all or substantially all of the assets and undertaking of such Material Subsidiary are transferred to or otherwise vested in the Issuer, a Guarantor or another Subsidiary; or

(d) in the case of a Guarantor, whilst solvent whereby:

(i) all or substantially all of the assets and liabilities of such Guarantor are transferred to or otherwise vested in the Issuer or another Guarantor; or

(ii) all or substantially all of the assets and liabilities of such Guarantor are transferred to an entity which, prior to or immediately upon such transfer, is a Subsidiary of the Issuer, which:

(A) assumes, in accordance with applicable law, all the obligations of such Guarantor in respect of the relevant Guarantee and under the Trust Deed (each such Subsidiary, a "**Successor Guarantor**"); or

(B) becomes, in accordance with the provisions of the Trust Deed and upon execution of all necessary documents as specified in the Trust Deed, a guarantor in respect of the Notes and the Issuer's obligation under the Trust Deed (each such Subsidiary, an "**Additional Guarantor**" and together the "**Additional Guarantors**"); or

(e) in the case of the Issuer, whilst solvent whereby (i) substantially all of the assets and liabilities of the Issuer are transferred to an entity (which prior to or immediately upon such transfer, is a Subsidiary of the Issuer) and (ii) such entity becomes, in accordance with the provisions of the Trust Deed and upon execution of all necessary documents as specified in the Trust Deed, an Additional Guarantor in respect of the Notes and the Issuer's obligations under the Trust Deed,

provided that, in the case of (d) and (e) above, opinions of independent legal advisers of recognised standing in the jurisdiction of such Guarantor, and if different, the Successor Guarantor or, as applicable, any Additional Guarantor, and as to English law, in each case in a form and with substance acceptable to the Trustee and upon which the Trustee can rely without further enquiry or liability to any person, have been delivered to the Trustee confirming that such Successor Guarantor or such Additional Guarantor, as the case may be, has assumed the relevant obligations in accordance with applicable law at the effective date of such arrangement *further provided that*, for the avoidance of doubt, in the case of (d) above, where the relevant assets are transferred to or otherwise vested in the Issuer, no such opinions will be required or necessary.

"**Material Part**" means ten (10) per cent. or more of the Consolidated Total Assets or the Group's Consolidated Revenues, as calculated by reference to the then latest audited annual consolidated financial statements of the Issuer; and

"**Substantial Part**" means thirty-five (35) per cent. or more of the Consolidated Total Assets or the Group's Consolidated Revenues, as calculated by reference to the then latest audited annual consolidated financial statements of the Issuer.

13. REPLACEMENT OF NOTES AND COUPONS

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent or the Paying Agent in Luxembourg, subject to all applicable laws, listing authority requirements and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer and any Guarantor may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

14. NOTICES

14.1 *Notices to the Noteholders*

All notices to the Noteholders will be valid if published in a leading English language daily newspaper published in London or such other English language daily newspaper with general circulation in Europe as the Issuer may decide and, so long as the Notes are listed on the Irish Stock Exchange and the rules of that exchange so require, on the website of the Irish Stock Exchange (*www.ise.ie*) or in one daily newspaper published in Ireland. It is expected that publication will normally be made in the *Financial Times*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

14.2 *Notices from the Noteholders*

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent or, if the Notes are held in a clearing system, may be given through the clearing system in accordance with the standard rules and procedures.

15. TRUSTEE

15.1 Under the Trust Deed, the Trustee is entitled to be indemnified and/or secured and/or prefunded to its satisfaction prior to taking any proceeding, step or action and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

15.2 In connection with the exercise by the Trustee of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, any Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 10 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 10 (*Taxation*) pursuant to the Trust Deed.

16. MEETINGS OF NOTEHOLDERS, NOTEHOLDERS' REPRESENTATIVE AND MODIFICATION

16.1 *Meetings of Noteholders*

All meetings of the Noteholders will be held in compliance with mandatory provisions of Italian law in force from time to time.

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including, *inter alia*, the modification or abrogation by Extraordinary Resolution (as defined in the Trust Deed) of any of the provisions contained in these Conditions or in the Trust Deed. Any such meeting may be convened by the Board of Directors of the Issuer or the Noteholders' Representative (as defined below) at their discretion and, in any event, upon the request in writing signed

by any Noteholder(s) holding not less than one-twentieth of the aggregate principal amount of the Notes for the time being remaining outstanding. If the Board of Directors or the statutory auditors of the Issuer default in convening such a meeting following such request or requisition by the Noteholders, the same may be convened by decision of the President of the competent court upon in accordance with the provisions of Article 2367 of the Italian Civil Code. Every such meeting shall be held at such time and place as provided pursuant to Article 2363 of the Italian Civil Code and the Issuer's by-laws, in force from time to time.

Subject to the provisions of the following paragraph, such a meeting will be validly held (subject, where applicable, to compliance with the Issuer's by-laws, in force from time to time) if: (a) in the case of a first meeting, there are one or more persons present being or representing Noteholders holding more than half of the aggregate principal amount of the outstanding Notes; (b) in the case of a second meeting there are one or more persons present being or representing Noteholders holding more than one third of the aggregate principal amount of the outstanding Notes.

The majority required to pass a resolution at any meeting convened to vote on any resolution (subject to compliance with mandatory laws, legislation, rules and regulations of Italy in force from time to time) will be (i) for voting on any matter other than a Reserved Matter, (a) in the case of a first meeting, one or more persons holding or representing more than half of the aggregate principal amount of the outstanding Notes or (b) in the case of a second meeting one or more persons holding or representing at least two-thirds of the aggregate principal amount of the outstanding Notes represented at the meeting or (ii) for voting on a Reserved Matter, the higher of (A) one of more persons holding or representing not less than one half of the aggregate principal amount of the outstanding Notes and (B) one or more persons holding or representing not less than two-thirds of the Notes represented at the meeting, *provided that*, to the extent permitted under applicable provisions of Italian law, the Issuer's by-laws may in each case provide for higher majorities. Any resolution duly passed at any such meeting shall be binding on all the Noteholders, whether or not they are present at the meeting and on all Couponholders.

"**Reserved Matter**" has the meaning given to it in the Trust Deed and includes any proposal, as set out in Article 2415, paragraph 1, item 2 of the Italian Civil Code, to modify the Terms and Conditions of the Notes (including, *inter alia*, any proposal to modify the maturity of the Notes or the dates on which interest is payable on them, to reduce or cancel the principal amount of, or interest on, the Notes, or to change the currency of payment of the Notes).

16.2 *Noteholders' Representative*

A representative of Noteholders (*rappresentante comune*) (the "**Noteholders' Representative**"), subject to any applicable provisions of Italian law, is appointed in accordance with and pursuant to Article 2417 of the Italian Civil Code in order to represent the Noteholders' interests under these Conditions and to give effect to the resolutions passed at a meeting of the Noteholders. If the Noteholders' Representative is not appointed by an Extraordinary Meeting of such Noteholders, it shall be appointed by a decree of the competent court at the request of one or more Noteholders or at the request of the directors of the Issuer. The Noteholders' Representative shall have the powers and duties set out in Article 2418 of the Italian Civil Code.

16.3 *Modification, Waiver, Authorisation and Determination*

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement (other than in respect of a Reserved Matter), or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (*provided that*, in any such case, it is not materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or if it is made to comply with mandatory laws, legislation and regulations of Italy

applicable to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution and which enters into force at any time while the Notes remain outstanding. Any modification, waiver, authorisation or determination shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 14 (*Notices*).

17. ENFORCEMENT

17.1 *Enforcement by the Trustee*

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to do so or to take any other step or action under or pursuant to the Trust Deed unless:

(a) it has been so requested in writing by the holders of at least one-quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and

(b) it has been indemnified, provided with security and/or prefunded to its satisfaction.

17.2 *Enforcement by the Noteholders*

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

18. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders or Couponholders and in accordance with the Trust Deed, create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the Issue Date and the amount and date of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed.

19. GOVERNING LAW AND SUBMISSION TO JURISDICTION

19.1 *Governing Law*

The Trust Deed (including any Guarantee(s)), the Agency Agreement, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed (including any Guarantee(s)), the Agency Agreement, the Notes and the Coupons are governed by, and will be construed in accordance with English law, save that provisions in these Conditions and in the Trust Deed relating to Noteholders' meetings and the Noteholders' Representative are subject to compliance with mandatory provisions of Italian law.

19.2 *Jurisdiction of English Courts*

The Issuer has, in the Trust Deed, irrevocably agreed for the benefit of the Noteholders and the Couponholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes or the Coupons and accordingly has submitted to the exclusive jurisdiction of the English courts. The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.

The Trustee, the Noteholders and the Couponholders may take any suit, action or proceeding arising out of or in connection with the Trust Deed, the Notes or the Coupons respectively (together referred to as "**Proceedings**") against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

19.3 *Appointment of Process Agent*

The Issuer has, in the Trust Deed, irrevocably and unconditionally appointed Law Debenture Corporate Services Limited (company number 3388362), whose registered office is at 100 Wood Street, London EC2V 7EX, England, as its agent for service of process in England in respect of any Proceedings and has undertaken that in the event of such agent ceasing so to act it will appoint another person as the Trustee may approve as its agent for that purpose.

19.4 *Other Documents*

The Issuer has in the Trust Deed and in the Agency Agreement submitted to the jurisdiction of the English courts and appointed an agent in England for service of process, in terms substantially similar to those set out above.

20. RIGHTS OF THIRD PARTIES

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

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Temporary Global Note and the Permanent Global Note (each, a "**Global Note**") contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the Conditions of the Notes set out in this Prospectus. Beneficial interests in the Permanent Global Note will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and/or Clearstream, Luxembourg. The Global Notes will be issued in NGN form. On 13 June 2006, the European Central Bank (the "**ECB**") announced that notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), *provided that* certain other criteria are fulfilled. At the same time, the ECB also announced that arrangements for notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The following is a summary of certain of those provisions:

Exchange for Permanent Global Note and Definitive Notes

(a) The Temporary Global Note will be exchangeable, in whole or in part, for the Permanent Global Note not earlier than forty (40) days after the Closing Date upon certification as to non-U.S. beneficial ownership.

(b) The Permanent Global Note is exchangeable in whole, but not in part, for definitive bearer Notes in the denomination of €100,000 each and integral multiples of €1,000 in excess thereof, up to and including €199,000 each, only if (i) it is held on behalf of Euroclear or Clearstream, Luxembourg, and any such Clearing System is closed for business for a continuous period of fourteen (14) days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so; or (ii) an Event of Default (as defined in Condition 12 (*Events of Default*)) occurs.

If principal in respect of any Notes is not paid when due and payable, the holder of the Permanent Global Note may by notice to the Paying Agent require the exchange of a specified principal amount of the Permanent Global Note (which may be equal to or (*provided that*, if the Permanent Global Note is held by or on behalf of a Clearing System, that Clearing System agrees) less than the outstanding principal amount of Notes represented thereby) for definitive Notes on or after the exchange date specified in such notice.

On or after any exchange into definitive Notes the holder of the Permanent Global Note may surrender the Permanent Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Paying Agent. In exchange for the Permanent Global Note, or the part thereof to be exchanged, the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Notes in bearer form (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange in full of the Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant definitive Notes.

Payments

No payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused, *provided that*, in the case of an improper withholding of, or refusal to exchange, an interest in the Permanent Global Note, a certificate of non-U.S. beneficial ownership has been properly provided.

Payments of principal and interest in respect of Notes represented by the Permanent Global Note will be made against presentation for endorsement and, if no further payment fails to be made in respect of the Notes, surrender of the Permanent Global Note to or to the order of any Paying Agent as shall have been notified to the Noteholders for such purpose, and may be made, at the direction of the holder of the Permanent Global Note, to the relevant Clearing Systems for credit to the account or accounts of the accountholder or accountholders

appearing in the records of the relevant Clearing System as having Notes credited to them. The Issuer shall procure that a record of each payment made in respect of the Permanent Global Note shall be made by the relevant Clearing Systems.

Payments on Business Days

In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note, "**business day**" means any day on which the TARGET System is open.

Notices

Notices shall be given as provided in Condition 14 (*Notices*), save that so long as the Notes are represented by the Temporary Global Note or Permanent Global Note and the Temporary Global Note or Permanent Global Note is held on behalf of a Clearing System, notices to Noteholders may be given by delivery of the relevant notice to the relevant Clearing System for communication to the relevant Accountholders (as defined below) rather than by publication as required by Condition 14 (*Notices*), *provided, however*, that so long as the Notes are admitted to trading on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, such notices will also be published in a leading newspaper having general circulation in the Republic of Ireland or be published on the website of the Irish Stock Exchange (*www.ise.ie*). Any notice delivered to Euroclear and/or Clearstream, Luxembourg shall be deemed to have been given to Noteholders on the date on which such notice is delivered to the relevant Clearing System.

Purchase and Cancellation

Cancellation of any Note to be cancelled following its purchase by the Issuer will be effected by a reduction in the principal amount of the relevant Global Note.

Prescription

Claims against the Issuer in respect of principal, premium and interest on the Notes while the Notes are represented by the Permanent Global Note will become void unless it is presented for payment within a period of ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 10 (*Taxation*)).

Put Option

The Noteholders' option in Condition 9.3 (*Redemption at the Option of the Holders upon a Change of Control*) may be exercised by the holder of the Permanent Global Note giving notice to the Agent of the principal amount of Notes in respect of which the option is exercised within the time limits specified in Condition 9.3 (*Redemption at the Option of the Holders upon a Change of Control*).

Redemption for Taxation Reasons and Redemption at the Option of the Issuer

The option of the Issuer provided for in Condition 9.2 (*Redemption for Taxation Reasons*) and the option of the Issuer provided for in condition 9.4 (*Redemption at the Option of the Issuer*) shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in, and containing the information required by, the relevant Condition.

Authentication and Effectuation

Neither the Temporary Global Note nor the Permanent Global Note shall become valid or enforceable for any purpose unless and until it has been authenticated by or on behalf of the Paying Agent and effectuated by the entity appointed as Common Safekeeper by Euroclear and/or Clearstream, Luxembourg.

Accountholders

For so long as any of the Notes is represented by the Permanent Global Note or by the Permanent Global Note and Temporary Global Note and such Global Note(s) is/are held on behalf of the relevant Clearing Systems, each

person (other than a relevant Clearing System) who is for the time being shown in the records of a relevant Clearing System as the holder of a particular principal amount of Notes (each an "**Accountholder**") (in which regard any certificate or other document issued by a relevant Clearing System as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of that principal amount for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders and giving notice to the Issuer pursuant to Condition 9.3 (*Redemption at the Option of Holders upon a Change of Control*) and Condition 12 (*Events of Default*)) other than with respect to the payment of principal and interest on the Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the Permanent Global Note in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to the relevant Clearing Systems for its share of each payment made to the bearer of the Permanent Global Note.

Eligibility of the Notes for Eurosystem Monetary Policy

The Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Notes are upon issue deposited with one of the international central securities depositories ("**ICSDs**") as Common Safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem (Eurosystem Eligible Collateral) either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria and other obligations (including the provision of further information) as specified by the ECB from time to time. As at the date of this Prospectus, one of the Eurosystem eligibility criteria for debt securities is an investment grade rating and, accordingly, as the Notes are unrated, they are not expected to satisfy the requirements for Eurosystem eligibility.

USE OF PROCEEDS

The net proceeds of the issue of the Notes, expected to amount to approximately €297,450,000, will be used by the Issuer (i) primarily to repay existing indebtedness of the Group (a portion of which is owed to certain of the Joint Lead Managers, directly or through an affiliate or through companies being part of their banking group, including parent companies), and (ii) for the remaining portion, for its general corporate purposes. See "*Description of the Issuer—Material Indebtedness*" and "*General Information—Potential Conflicts of Interest*".

CONSOLIDATED FINANCIAL INFORMATION RELATING TO THE GROUP

The tables below contain:

(i) consolidated statements of financial position and consolidated income statements of the Group as at and for the years ended 31 December 2013 and 2012, derived from the Group's audited consolidated annual financial statements as at and for the years ended 31 December 2013 and 31 December 2012; and

(ii) consolidated statements of financial position and consolidated income statements of Kedrion S.p.A. as at and for the year ended 31 December 2012, derived from the audited consolidated annual financial statements of Kedrion S.p.A. as at and for the year ended 31 December 2012.

Such information is derived from and should be read in conjunction with, and is qualified in its entirety by reference to, the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2013 and 31 December 2012 and the audited consolidated financial statements of Kedrion S.p.A. as at and for the year ended 31 December 2012, in each case together with the accompanying notes and (where applicable) reports of the external auditors of the Issuer and of Kedrion S.p.A., all of which are incorporated by reference in this Prospectus. See "*Documents Incorporated by Reference*" and "*Presentation of Financial Information*".

The Issuer's consolidated annual financial statements as at and for the years ended 31 December 2013 and 31 December 2012 and the consolidated annual financial statements of Kedrion S.p.A. as at and for the year ended 31 December 2012 have been prepared in accordance with IFRS. Reconta Ernst & Young S.p.A., auditors to the Issuer and to Kedrion S.p.A., has audited the Issuer's consolidated annual financial statements as at and for the years ended 31 December 2013 and 31 December 2012, and the consolidated annual financial statements of Kedrion S.p.A. as at and for the year ended 31 December 2012. The tables below are translated into English from the original Italian.

Statement of Financial Position

	Kedrion S.p.A.	**Kedrion Group S.p.A.**	
	31 December 2012	**31 December 2012**	**31 December 2013**
		(in thousands of Euro)	
Non-Current Assets			
Property, plant and equipment	100,847	116,900	118,104
Investment property	1,700	1,700	1,685
Goodwill	168,704	200,245	198,387
Definite life intangible assets	5,282	45,688	41,799
Investments in associates	23	23	23
Investments in other companies	1	1	1,451
Other non-current financial assets	552	818	837
Deferred tax assets	1,495	2,077	10,085
Non-current trade receivables	858	858	762
Other non-current assets	341	341	228
Total Non-Current Assets	**279,803**	**368,651**	**373,361**
Current Assets			
Inventories	131,101	137,065	157,392
Trade receivables	87,354	86,302	110,829
Current tax receivables	3,487	3,487	1,667
Other current assets	11,999	12,495	16,285
Other current financial assets	1,678	24	9
Cash and cash equivalents	23,326	29,327	52,618
Total Current Assets	**258,945**	**268,700**	**338,800**
Total Assets	**538,748**	**637,351**	**712,161**

	Kedrion S.p.A.	Kedrion Group S.p.A.	
	31 December 2012	31 December 2012	31 December 2013
		(in thousands of Euro)	
Shareholders' Equity			
Shareholders' Equity attributable to Equity holders of the Parent			
Share capital	52,116	80.500	86,060
Reserves	165,526	227.476	174,211
Net Comprehensive Income attributable to Equity holders of the Parent	30,780	7.455	30,889
Total Shareholders' Equity attributable to Equity holders of the Parent	**248,422**	**315.431**	**291,160**
Equity Attributable to Non-controlling Interests			
Capital and reserves attributable to Non-controlling interests	895	1,746	55
Net Comprehensive Income attributable to Non-controlling Interests	1,852	1,001	1,911
Total Equity Attributable to Non-controlling Interests	**2,747**	**2,747**	**1,966**
Total Shareholders' Equity	**251,169**	**318,178**	**293,126**
Non-Current Liabilities			
Long-term debt	137,391	137,391	87,958
Provisions for risks and charges	51	51	46
Liabilities for employee benefits	4,583	4,583	4,554
Other non-current liabilities	2,289	2,289	8,918
Total Non-Current liabilities	**144,314**	**144,314**	**101,476**
Current Liabilities			
Financial liabilities	23,972	23,978	149,280
Current portion of long-term debt	34,219	34,219	57,364
Provisions for risks and charges	275	275	774
Trade payables	59,051	63,720	76,325
Current tax payables	2,774	2,840	2,858
Other current liabilities	22,974	49,827	30,958
Total Current Liabilities	**143,265**	**174,859**	**317,559**
Total Liabilities	**287,579**	**319,173**	**419,035**
Total Shareholders' Equity and Liabilities	**538,748**	**637,351**	**712,161**

Income Statement

	Kedrion S.p.A.	Kedrion Group S.p.A.	
	31 December 2012	31 December 2012	31 December 2013
		(in thousands of Euro)	
Revenues from sales and services	378,029	219,983	424,811
Cost of sales	224,225	128,620	239,151
Gross margin	**153,804**	**91,363**	**185,660**
Other income	4,908	1,894	9,813
General and administrative expense	48,875	31,319	61,065
Sales and marketing expense	34,164	19,703	34,160
Research and development costs	11,209	6,197	15,794
Other operating costs	4,106	2,016	5,104
Operating income	**60,358**	**34,022**	**79,350**
Financial expenses	18,264	13,597	23,748
Financial income	6,866	294	4,189
Income before taxes	**48,960**	**20,719**	**59,791**
Income taxes	16,800	8,833	25,606
Net income/(loss) for the period	**32,160**	**11,886**	**34,185**
Of which:			
Net Income attributable to Equity holders of the Parent	**30,308**	**10,885**	**32,274**
Net Income attributable to Non-controlling interests	**1,852**	**1,001**	**1,911**

Statement of Comprehensive Income

	Kedrion S.p.A.	Kedrion Group S.p.A.	
	31 December 2012	31 December 2012	31 December 2013
		(in thousands of Euro)	
Net income for the period	**32,160**	**11,886**	**34,185**
Actuarial gains/(losses) from defined benefit plans	(471)	(471)	242
Exchange differences on translation of foreign operations	501	(3,183)	(3,212)
Net income/(losses) on cash flow hedges	442	224	1,585
Total comprehensive income/(loss) net of taxes	**32,632**	**8,456**	**32,800**
Of which:			
Net comprehensive income attributable to Equity holders of the Parent	**30,780**	**7,455**	**30,889**
Net comprehensive income attributable to non-controlling interests	**1,852**	**1,001**	**1,911**

DESCRIPTION OF THE ISSUER

Business Overview

Kedrion Group S.p.A. (the "**Issuer**" or "**Kedrion**") is the parent company of a leading international biopharmaceutical group (the "**Group**" or the "**Kedrion Group**") that specialises in the development, production and distribution of products derived from human plasma.

The Group's plasma-derived products are used by healthcare providers to treat patients suffering from immunodeficiencies, coagulation disorders, infectious diseases and a range of other severe, often chronic, medical conditions. In 2013, the Group offered its products and services in more than 90 countries.

The Group has grown its business during the past seven (7) years, despite the global economic crises that have affected many of the markets in which the Group operates. During the seven (7) years ended 31 December 2013, the Group's revenues and EBITDA Adjusted recorded a compounded annual growth rate of 15.3% in respect of revenues and 12.7% in respect of EBITDA Adjusted. In 2013, the Group generated approximately €424.8 million in revenues and approximately €104.7 million in EBITDA Adjusted. As of 31 December 2013, the Group had 1,777 employees, with 831 employees in Italy and 946 internationally.

The Group's business is organised into three business segments:

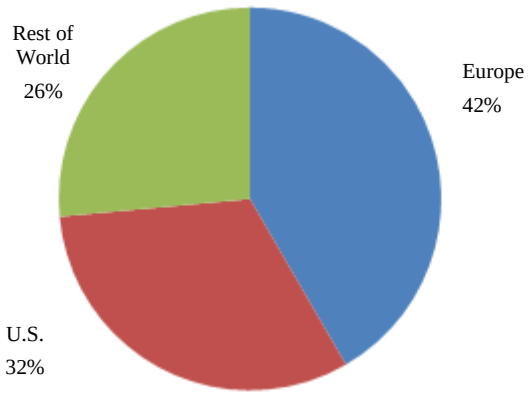
- *Production and marketing of plasma derivatives.* The Group's principal activity is the production, sale and distribution of plasma-derived products, including IVIG and hyperimmune immunoglobulin, albumin, and coagulation factors.
- *Collection and marketing of plasma.* The Group is active in the collection and sale to third parties of raw plasma collected by its collection centres in the United States and the European Union.
- *Other activities.* The Group is also engaged in contract manufacturing for third parties, the distribution of synthetic pharmaceutical products that are used in conjunction with plasma-derived products and technology transfer services for the production of plasma-derived products.

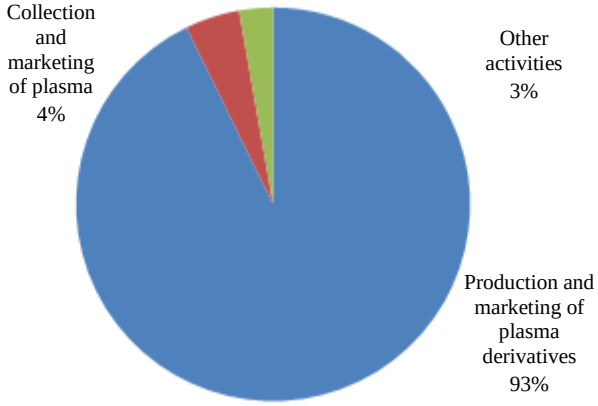
The following tables set out the Group's consolidated revenues by business segments and geographical areas, respectively, for the years ended 31 December 2012 and 31 December 2013.

	Kedrion S.p.A. 31 December 2012	**Kedrion Group S.p.A. 31 December 2012**	**Kedrion Group S.p.A. 31 December 2013**
		(in thousands of Euro)	
Production and marketing of plasma derivatives	359,957	206,269	394,035
Collection and marketing of plasma	13,184	11,298	19,010
Other activities	4,888	2,416	11,766
Total	**378,029**	**219,983**	**424,811**

	Kedrion S.p.A. 31 December 2012	**Kedrion Group S.p.A. 31 December 2012**	**Kedrion Group S.p.A. 31 December 2013**
		(in thousands of Euro)	
Italy	143,761	75,540	144,073
U.S.	117,103	64,506	135,467
Rest of World	89,957	60,959	112,456
European Union	27,208	18,978	32,815
Total	**378,029**	**219,983**	**424,811**

The following charts set out the Group's revenues by geographic area and by business segment for 2013.

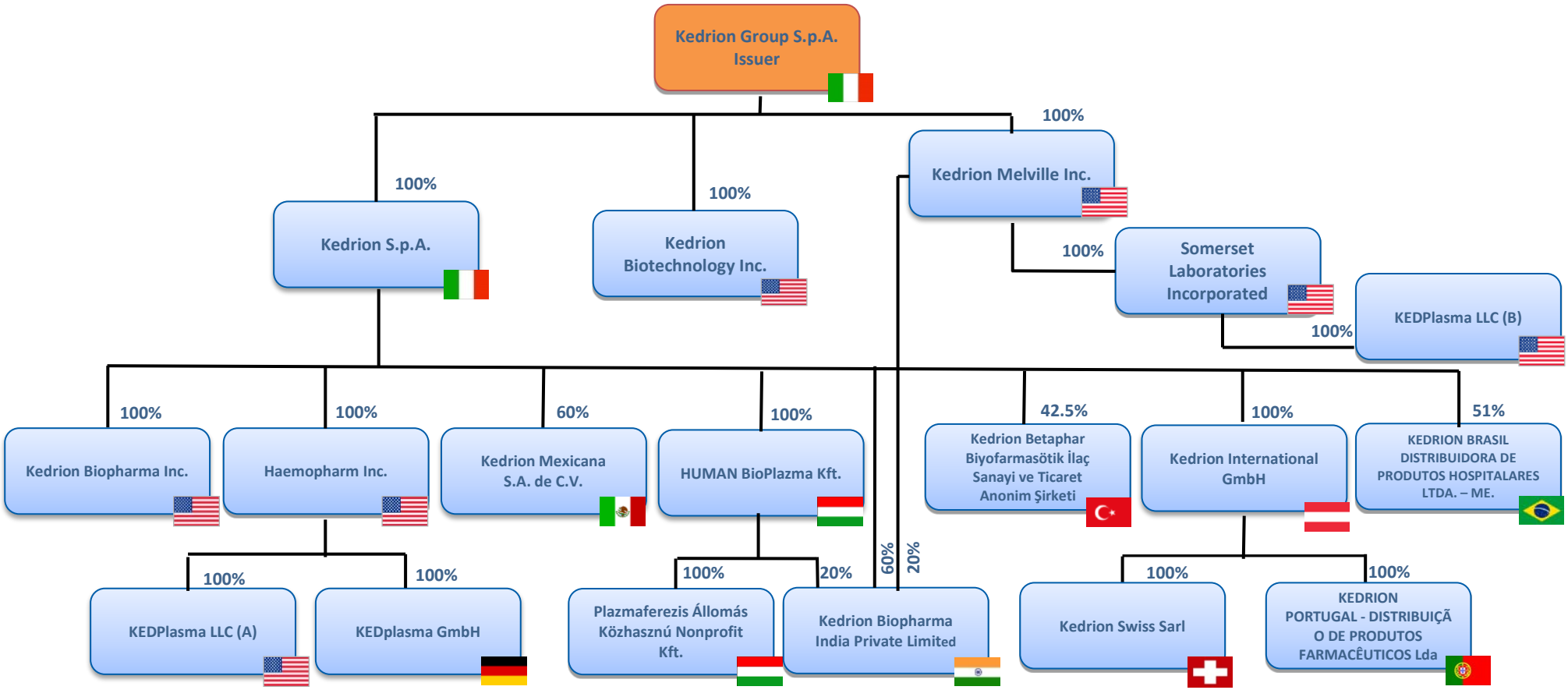




Organisational Structure

Kedrion is a joint-stock company (*società per azioni*, or S.p.A.) incorporated on 25 May 2011 with the name of "Augeo Tre S.r.l." under the laws of the Republic of Italy for a duration of up to 31 December 2050, which may be extended by a shareholders' resolution. The Issuer is registered at the Companies' Registry (*Registro delle Imprese*) of Lucca under registration number 02244620460. Its registered office is at Località Ai Conti, Castelvecchio Pascoli - Barga, 55051, Lucca, Italy and the telephone number of its registered office is +39 0583 19691.

The following chart shows the Group structure as of the date of this Prospectus:



Principal Subsidiaries

The principal subsidiaries of the Issuer are set forth below:

HUMAN BioPlazma Kft. ("**Human BioPlazma**") is a company incorporated under the laws of Hungary, whose registered office is at Táncsics Mihály út 80., Gödöllő, 2100, Hungary. It is wholly owned by Kedrion Italy. Human BioPlazma specialises in the production and distribution of plasma-derived products.

KEDPlasma LLC ("**KEDPlasma**") is a company formed under the laws of the state of Delaware, whose registered office is at 2711 Centerville Road, Suite 400, Wilmington, Delaware, United States. It is wholly owned by Haemopharm Inc., which is in turn wholly owned by Kedrion Italy. KEDPlasma manages all of the Group's plasma collection facilities in the U.S.

Kedrion Biopharma Inc. ("**Kedrion Biopharma**") is a company incorporated under the laws of the state of Delaware, whose registered office is at Corporation Service Company, Wilmington, New Castle County, Delaware, United States. Kedrion Biopharma is owned by Kedrion Italy. Kedrion Biopharma specialises in marketing and distributing plasma-derived products in the U.S.

Kedrion International GmbH ("**Kedrion International**") is a company incorporated under the laws of Austria, whose registered office is at Kaertner Ring 5-7, Top 501, Vienna, Austria. It is wholly owned by Kedrion Italy. Kedrion International is a biopharmaceutical company that specialises in marketing and distributing plasma-derived products in the EU other than Italy, the Middle East and Asia.

Kedrion Melville Inc. ("**Kedrion Melville**") is a company incorporated under the laws of the state of Delaware, whose registered office is at 2711 Centerville Road, Suite 400, Wilmington, Delaware, United States. It is wholly owned by the Issuer. Kedrion Melville is a biopharmaceutical company that specialises in the production and distribution of plasma-derived products.

Kedrion Mexicana S.A. de C.V. ("**Kedrion Mexicana**") is a company incorporated under the laws of Mexico, whose registered office is at Adolfo Prieto 1427-C Col del Valle Deleg. Benito Juárez C.P. 03100 D.F., México D.F. It is 60 per cent. owned by Kedrion S.p.A. and 40 per cent. owned by Medici Pharma S.A.P.I. de C.V. Kedrion Mexicana distributes the Group's products in Mexico.

*Kedrion S.p.A. ("***Kedrion Italy***")* is a company incorporated under the laws of Italy, whose registered office is at Barga (LU), Frazione di Castelvecchio Pascoli, Loc. Ai Conti, Italy and is subject to the direction and coordination of the Issuer pursuant to Article 2497 of the Italian Civil Code. It is wholly owned by the Issuer and 100% of its shares are pledged in favour of Intesa Sanpaolo S.p.A., although the voting rights are held by the Issuer. Kedrion Italy is a biopharmaceutical company that specialises in the production and distribution of plasma-derived products.

History and Development

Kedrion Italy was established in June 2000 under the name of P.A.M. S.p.A. by the Marcucci Family.

In October 2000, Paolo Marcucci transferred his entire equity interest in P.A.M. S.p.A., equal to approximately one per cent. of its share capital, to his brother Andrea Marcucci. In December 2000, Farma Biagini S.p.A. and I.S.I. S.p.A., companies owned by the Marcucci Family already operating in the plasma-derived products and vaccines sector, contributed the Bolognana and Sant'Antimo plants to P.A.M. S.p.A., which then changed its name to Kedrion S.p.A.

In December 2004, Kedrion Italy began implementing a vertical integration strategy by acquiring, through Haemopharm Inc. (an American wholly owned subsidiary of Serapharm Ltd, which was in turn wholly owned by Kedrion Italy ("**Haemopharm**")), 50 per cent. of Advanced Bioservices LLC ("**Advanced Bioservices**"), a company active in the management of two plasma centres in the United States. Advanced Bioservices later changed its name to KEDPlasma LLC.

In 2005, Ked Pharmaceuticals A.G. ("**Ked Pharmaceuticals**") was established in Austria as a joint venture between Kedrion Italy and EBPS Blood and Plasma Service GmbH ("**EBPS**") in order to become Kedrion Italy's key distributor within the European Union and Switzerland. The joint venture arrangement also included an exclusive distribution agreement between Ked Pharmaceuticals and Kedrion Italy. However, in 2006, following the sale by EBPS of its plasma collection business, the joint venture was dissolved by common agreement and Kedrion Italy purchased 100 per cent. of the share capital of Ked Pharmaceuticals (now called Kedrion International GmbH).

In 2006, Sanpaolo IMI Fondi Chiusi SGR S.p.A. sold (i) its participation in Kedrion Italy to Sestant, who then became the sole shareholder of Kedrion Italy; and (ii) its participation in Hardis S.r.l. to Kedrion Italy, who then in turn became the sole shareholder of Hardis S.r.l. In December 2007, Hardis S.r.l. merged with Kedrion Italy. In December 2006, Sestant and Investitori Associati, a private equity fund, entered into an agreement to purchase 100 per cent. of the share capital of Kedrion Italy for €207 million, through a newly incorporated acquisition company, Augeo Due, 60 per cent. of which was controlled by Sestant and 40 per cent. of which was controlled by Investitori Associati, through the Investitori Associati IV fund.

In 2007, the Group focused on improving its access to plasma and expanding its fractionation capacity, and Kedrion Italy entered into an agreement with the Hungarian group Teva, whereby Teva would transfer all its shares in HUMAN BioPlazma Kft. to Kedrion Italy. Teva also contributed certain assets, including the fractionation plant in Gödöllő (Budapest, Hungary), which is involved in the processing of plasma and the registration of plasma-derived products, and its equity interest in Plazmaferezis Kht. (now called Plazmaferezis Állomás Egészségügyi Szolgáltató Közhasznú Nonprofit Kft.) ("**Plazmaferezis**"), a Hungarian non-profit company that manages a plasma collection centre in Hungary. Teva also transferred certain contracts for the processing of plasma and other third-party contracts to HUMAN BioPlazma Kft., in particular, a contract with the Hungarian government for the processing of plasma. Also in 2007, Advanced Bioservices opened a third plasma collection centre in Kingsport, Tennessee, and in October of the same year, Haemopharm purchased two collection centres from Life Sera Inc., which then became part of Advanced BioServices.

During 2008, the Kedrion Group continued to strengthen both its position overseas and the marketing of its finished products. For example, Kedrion Swiss S.à.r.l. and Kedrion Mexicana were established to market Kedrion products in Switzerland and in Mexico, respectively. The Group further consolidated its plasma collection activities by purchasing the remaining 50 per cent. of Advanced BioServices, which then established a new collection centre. In November 2008, in order to guarantee a greater supply of plasma in Europe, Kedrion Italy finalised an agreement with the Bavarian Red Cross, under which its newly established German subsidiary, Kedrion Plasma GmbH ("**Kedplasma**"), acquired three plasma collection centres in Germany. During 2009, the Group continued to consolidate its activities by further integrating its various Group companies.

In recent years, the Group has continued to grow, primarily through the development of the U.S. market and expansion in the rest of the world. For example, in 2009, Plazmaferezis opened a third plasma collection centre in Budapest and, in December 2010, the Group acquired a local distributor in Portugal. In particular, in April 2011, the Group signed an agreement with Grifols Inc., which allowed the Group to expand its operations in the United States by acquiring a fractionation plant in Melville, New York, acquiring full control in July 2013.

On 5 July 2012, the Issuer received, by way of contribution, 100 per cent. of the share capital of Kedrion Italy from Sestant S.p.A. ("**Sestant**") and the Investitori Associati IV Fund. As a result, Kedrion Italy became a wholly-owned subsidiary of the Issuer, which then became the parent company of the Group. Fondo Strategico Italiano S.p.A. ("**FSI**") then subscribed for €75 million of the Issuer's capital increase, acquiring an equity interest of 18.6 per cent. of the Issuer's share capital. Following the contribution and the capital increase, 48.8 per cent. of the Issuer's share capital was owned by Sestant, 32.6 per cent. by the Investitori Associati IV Fund and 18.6 per cent. by FSI.

In July 2012, the Group acquired the medical product RhoGAM from Ortho Clinical Diagnostics, Inc. (part of the Johnson & Johnson Group) and one U.S. collection centre specialised in Hyperimmune plasma.

Between June and August 2013, Sestant sold part of its interest in the Issuer, equal to 13.28 per cent. of the Issuer's share capital, to the Issuer itself. Afterwards, in August 2013, Investitori Associati sold its interest in the Issuer to Sestant Internazionale S.p.A., which is controlled by Sestant. In December 2013, Sestant contributed its equity interest in the Issuer to Sestant Internazionale S.p.A., whose equity interest in the Issuer is now equal to approximately 64.33 per cent. of the Issuer's share capital (73.46 per cent., excluding treasury shares held by the Issuer).

In addition, in 2012 and 2013, the Kedrion Group established subsidiaries in Brazil, India and Turkey.

Strategy

The Group's strategy is based on the following objectives:

Strengthen its strategic position in key international strategic markets

The Group intends to continue strengthening and developing its recent expansions by enhancing the Group's presence in several key international strategic markets, including Turkey, Mexico, Germany, Austria and Poland. In 2013, Italy and Europe (including Italy and the E.U.) represented no more than 34% and 42%, respectively, of the Group's revenues, and these percentages are expected to gradually decline in the coming years as the Group's presence increases in other regions, in particular, in the U.S., in the countries listed above and in emerging markets such as Russia, India and Brazil, where the Group intends to continue to develop its presence through joint venture agreements with local partners. In the United States, the Group is in the process of developing and consolidating its sales through upgrading its sales force, increasing the breadth and frequency of sales force visits to accounts and creating a new specialty sales force to expedite growth of the Group's key Factor VIII product and its distribution of RhoGAM. In addition, the Group is expanding its Medical Affairs team to support physician education and other Group activities. With respect to other markets, the Group intends to continue to tactically allocate products based on price, margin and payment terms.

Consolidate its Italian home market position

In Italy, the Group is continuing to assert its position in contract manufacturing for the Italian National Health Service (*Sistema Sanitario Nazionale*) by expanding the range of services and products offered. The Group also expects to enter into additional distribution agreements with its competitors (*e.g.*, Biotest, Octapharma), using its broad national distribution network to distribute additional products.

Reinforce its product portfolio

The Group is focused on maximising the value of its current product portfolio in its core markets through new product registrations and by reducing such new products' time to market, thereby increasing its competitiveness. The Group also intends to optimise the management of its newly acquired RhoGAM brand by defining a global marketing strategy for its Anti-D immunoglobulin products. The Group continually seeks to exploit new product opportunities, reinforce its current market share through the development of advanced products (*e.g.*, New Generation Immuno Globuline (NGIG) and subcutaneous Immuno Globuline (IG)), and become the market leader in niche sectors (*e.g.*, Hyperimmune, Orphan drugs and Plasminogen).

Increase and optimise its production capacity through exploitation of synergies

The Group is in the process of finalising the integration of its new fractionation capacity capabilities in its Gödöllő plant with the free purification capacity in its Italian facilities. The Group also intends to further exploit economies of scale and other operational synergies arising from the transfer of some of its Hungarian production to its Bolognana plant, beginning with Factor VIII. The Group is also finalising the takeover of the management of the Melville facility, which will allow the Group to take advantage of significant operational synergies (compared to the outsourcing agreement with Grifols) resulting from the in-house fractionation and (partial) purification of albumin in its Bolognana plant. Additional operational efficiencies will be achieved with full capacity optimisation and, in the mid-term, bringing the processing of NGIG and RhoGAM in-house.

Secure additional plasma sources and optimise plasma collection

The Group intends to maximise the quantities of plasma it collects from its wholly-owned centres in the U.S., Germany and Hungary, with the goal of achieving a collection rate of greater than 760,000 litres per year by 2014, through optimising collection centre volumes, reducing unit costs and acquiring/developing new collection centres in the U.S. and Europe. In addition to internal sources, the Group is also developing third-party sources, to achieve in the next three (3) to five (5) years a total plasma availability of approximately 2.5 million litres per year to meet the Group's increasing needs.

Enhance its competitiveness and efficiency with a focus on optimising project management, capital structure and headcount

The Group is focused on growth and operating efficiency, to be achieved through key development and expansion projects under a stable capital structure. This goal will be supported by the Group's newly established Programme Management Office, which will provide supervision to the Group's Top Management on achieving the Group's strategic targets and initiatives.

The following table sets out the Group's gross margin by business segments for the years ended 31 December 2012 and 31 December 2013, respectively.

Sector Gross Margin(*)	**Kedrion S.p.A. 31 December 2012**			**Kedrion Group S.p.A. 31 December 2012**			**Kedrion Group S.p.A. 31 December 2013**		
	€'000	**% of total revenues of the business section (**)**	**% of total Gross Margin**	**€'000**	**% of total revenues of the business section (**)**	**% of total Gross Margin**	**€'000**	**% of total revenues of the business section (**)**	**% of total Gross Margin**
Production and marketing of plasma derivatives	140,044	38.9	91.1	83,334	40.4	91.2	164,895	41.8	88.8
Collection and marketing of plasma	11,593	13.1	7.5	6,606	13.33	7.2	18,335	15.9	9.9
Other activities	2,168	44.4	1.4	1,422	58.9	1.6	2,430	20.7	1.3
Total	**153,804**	**40.7**	**100.0**	**91,363**	**41.5**	**100.0**	**185,660**	**43.7**	**100.0**

(*) The Sector Gross Margin is represented by the revenues from sales and services of the segments less the production costs that may be directly allocated to the segments. Among the costs allocated to the sectors, the Group enters the direct and indirect production costs relating to the business sector, including production amortisation and all the other costs making up the cost of sales. The commercial costs, general and administrative costs, research and development costs and other operating costs are not attributed to the sectors. The Sector Gross Margin defined in this way is a measurement used by Group management to monitor and assess its business performance and is not identified as an accounting measure for IFRS purposes and therefore cannot be considered an alternative means of measuring Group performance. As the breakdown of the Sector Gross Margin is not regulated by the reference accounting standards, the calculation criterion applied at Group level might not coincide with that adopted by others and is therefore not comparable.

(**) Calculated on segment revenues before inter-segment eliminations.

Business Segments

Production, Sale and Distribution of Plasma-Derived Products

The Group's principal activity is the development, production and distribution of a broad range of plasma-derived products. For the year ended 31 December 2013, the Group's Production, Sale and Distribution of Plasma-Derived Products Segment accounted for over 92.8 per cent. of the Group's revenue. The principal phases of plasma-derivative operations include the following steps: (i) procurement of plasma; (ii) production; and (iii) distribution of plasma-derived products, each as described below. This segment is further broken down into the following business units:

- *Plasma Derivatives Commercial Business Unit* – the production and sale of products derived from plasma (i) sourced from the Group's wholly-owned collection centres or (ii) purchased on the open market; this business unit represented approximately 70 per cent. of the Group's 2013 revenues.

- *Plasma Derivatives Contract Manufacturing in Italy Business Unit* – the production of products derived from plasma collected and owned by the Italian regional authorities, carried out on behalf of the Italian National Health Service; this business unit represented approximately 23 per cent. of the Group's 2013 revenues.

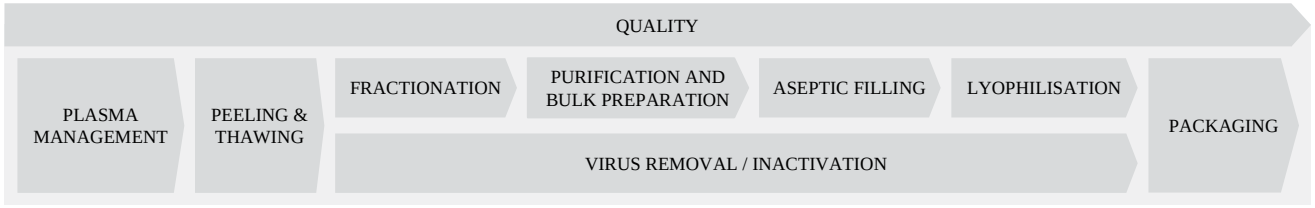
Procurement of Plasma

In Italy, government regulations provide that plasma can only be collected by the Italian regional authorities at their over 300 plasma collection centres. See "*—Regulatory Framework*". As such, in Italy, the Group engages in Contract Manufacturing, which is a method to produce plasma-derived products under toll-manufacturing agreements whereby the Group does not purchase plasma, but instead receives it from the Italian regional authorities, processes it and returns the final plasma-derived products to the Italian regional authorities. Contract Manufacturing is the Group's sole plasma collection method in Italy. The Italian regional authorities retain ownership of the plasma throughout the production process.

Outside of Italy, the Group obtains plasma either (i) directly or indirectly through its subsidiaries that own certain plasma collection centres; or (ii) through third-party suppliers, pursuant to short-term or medium/long-term agreements.

However, in Hungary, the Group obtains plasma from local blood banks managed by the local national blood transfusion service and from the plasma collection centre owned by its not-for-profit subsidiary Plazmaferezis. In order to prevent the deterioration of coagulation factors and other plasma components, plasma is frozen as soon as possible after collection.

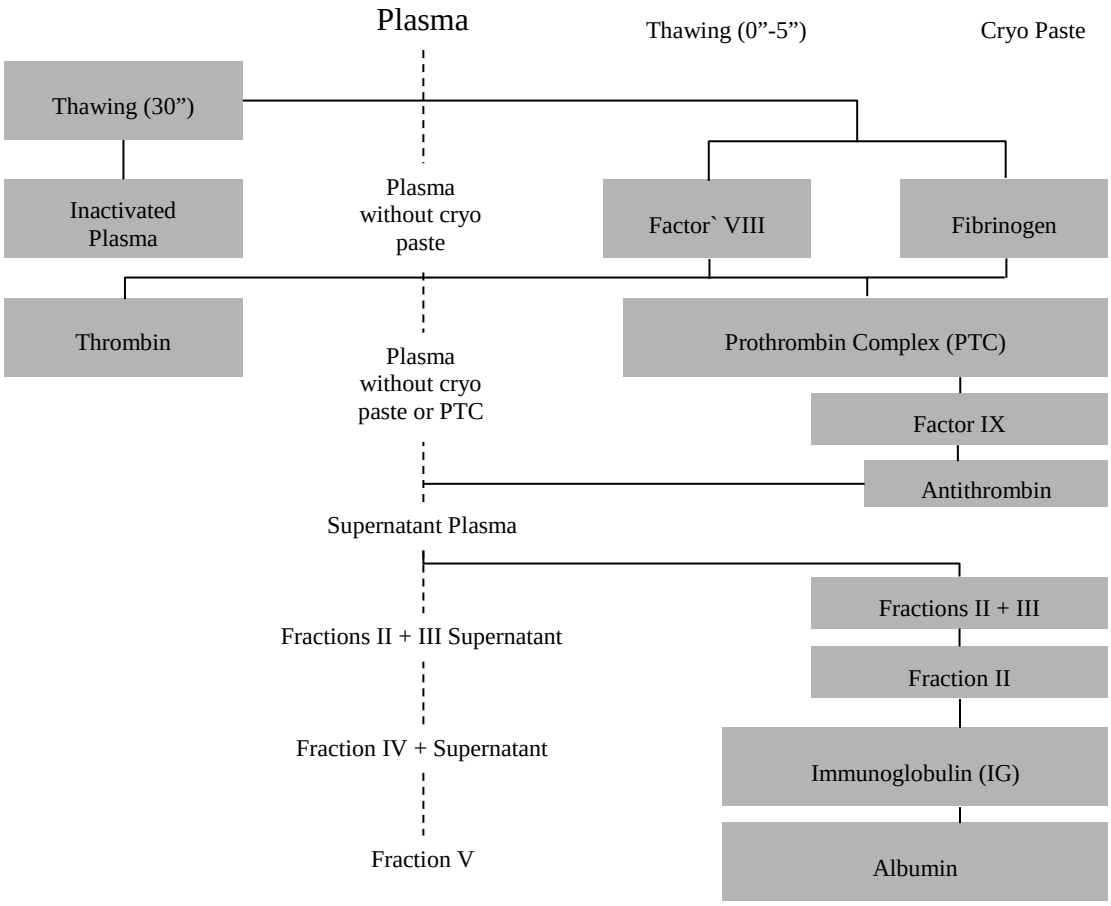
Production



Plasma is held in isolated storage in warehouses for a minimum period of 60 days from the date of the earliest donation while it undergoes screening. The plasma is then divided into production batches, and the relevant documentation relating to each batch of plasma is submitted for quality control to its quality assurance department ("**QA Department**"). The other materials required for the production process, such as excipients (*i.e.*, inactive filler substances formulated alongside the active ingredient of a medication, for the purpose of bulking-up formulations that contain potent active ingredients), reagents and packaging materials are delivered to the Group's warehouses, where they are stored and tested by the Group's quality control department ("**QC Department**").

Subject to approval by its QA Department, the plasma batches are then ready for production. See "*—Quality Control*". The plasma is then thawed and centrifuged in order to isolate and extract the Cryo Paste, which is an intermediate paste. The plasma that remains after the extraction of the Cryo Paste ("**supernatant plasma**") is then ready for "fractionation". Fractionation is the industrial process whereby each "fraction" of plasma is isolated and turned into "intermediates" that contain therapeutically useful proteins that are then processed into life-saving "plasma-derived" drugs (*e.g.*, coagulation factor concentrates, immunoglobins, albumin, *etc.*).

Following the thawing process and the extraction of the Cryo Paste, supernatant plasma may be further fractionated to isolate and extract intermediates used for preparing other finished products.

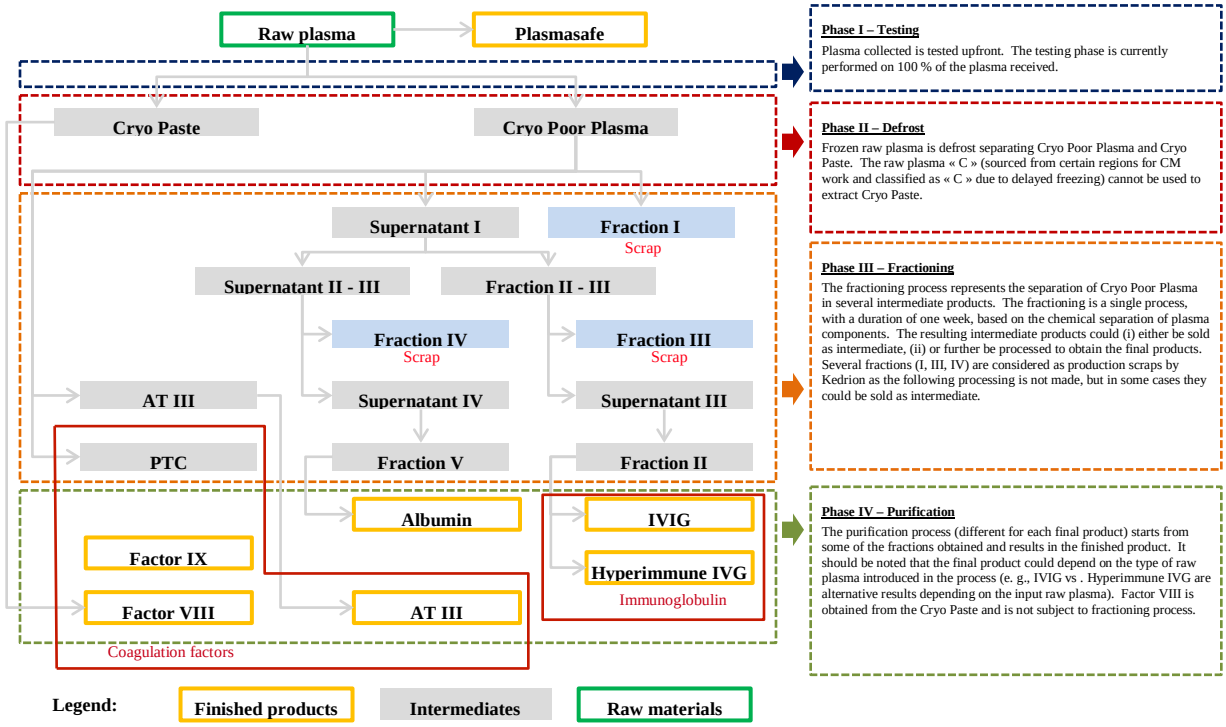


The plasma proteins are then subject to a purification and bulk preparation process, which involves additional and selective separation of the plasma proteins through appropriate procedures such as diafiltration, ultrafiltration and chromatography, depending on the characteristics of the proteins to be isolated. The plasma protein obtained from the filtration process is then processed to obtain the bulk product, which then undergoes the aseptic filling process. This process consists of filling vials with the bulk products, and is carried out pursuant to GMP guidelines, under aseptic conditions, to ensure that products are kept sterile. The plasma-derived products are then subject to a freeze-drying process, which extends the shelf life (*i.e.*, the period between release and expiration of a product). The final production step involves packaging and visually inspecting all vials and labels.

Production takes four to eight months following collection of plasma, depending on the product.

The production process, as set out in the following diagram, consists of four main steps: (i) testing, (ii) defrost phase, (iii) fractioning and (iv) purification.

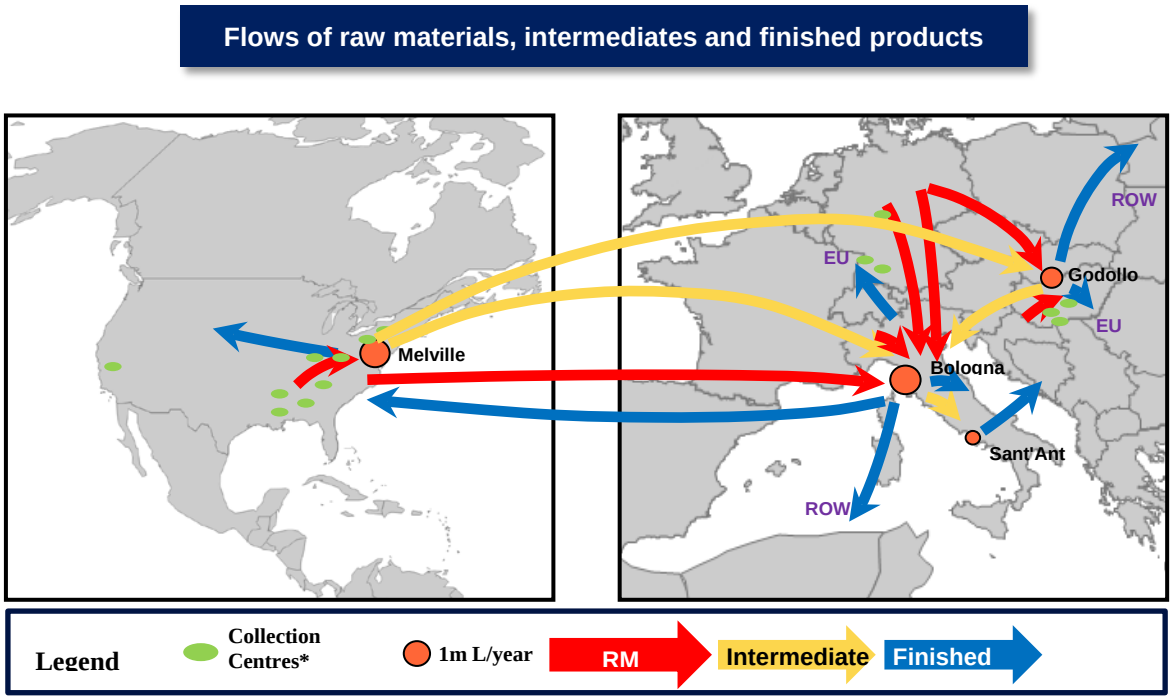
WORKFLOW



Distribution

The Group benefits from a vertically integrated business model with direct access to raw material – plasma from its 15 collection centres in the U.S., Hungary and Germany. In Italy, Germany, Austria, Poland, Portugal, and Switzerland, the Group distributes its products through its own distribution networks. However, in other EU Member States, the U.S. and the rest of the world, the Group distributes its products through local independent third-party distributors, who have in-depth knowledge of the hospitals, laws and dynamics in their respective countries. Such distributors assist the Group in many matters related to compliance with local laws and guidelines, and the Group has long-standing relationships with local customers. In Mexico, the Group distributes its products through a joint venture.

The following map sets out the Group's global presence and the integration between the Group's production sites and collection centres.



*indicated on the map for reference only

Collection and Sale of Plasma

The Group is active in the collection and sale of plasma collected from plasma collection centres located outside of Italy. Plasma collected at such centres is a regular source of plasma to the Group and is also sold by the Group to third-party fractionators and producers of plasma-derived products. See "*Business Segments—Production, Sale and Distribution of Plasma-Derived Products—Procurement of Plasma*". For the year ended 31 December 2013, the Collection and Sale of Plasma Segment accounted for over 4.5 per cent. of the Group's revenue.

The Group's plasma collection and sale activities allow it to procure a constant volume of plasma, independent of market fluctuations, as well as the ability to also sell to third parties, ensuring greater flexibility. This business has been enhanced by its acquisitions of collection centres outside of Italy because, in Italy and in the majority of western countries, plasma cannot be traded.

Plasma collection centres owned by the Group in the U.S. have all been approved by the U.S. Food and Drug Administration (the "**FDA**"), and are periodically inspected by European health authorities, such as the European Medicines Agency (the "**EMA**"), which allows the Group to be authorised to import and process plasma within the EU. Similarly, the Group's German plasma collection centres have also been approved by EU authorities.

During collection and storage, the Group carries out specific labelling procedures in order to guarantee plasma traceability.

Immediately after the donation, the plasma is frozen. Samples are then extracted from the frozen plasma donation bag for analysis by external laboratories. The sale of plasma does not require significant marketing efforts by the Group as, on the one hand, industry demand for plasma exceeds supply and, on the other hand, potential customers are limited in number, and its agreements with them are long-term. Quality control has a key role within the centres owned by the Group. In these centres, plasma collection is subject to specific authorisations,

which are granted only if certain quality and safety standards are met. The Issuer relies on attentive and trained personnel to ensure that the Group meets these standards.

Other Activities

For the year ended 31 December 2013, the Other Activities Segment accounted for over 2.7 per cent. of the Group's revenue.

The Group engages in contract manufacturing in favour of other players of the market pursuant to manufacturing agreements entered into by its U.S. and Hungarian subsidiaries.

The Group also distributes synthetic pharmaceutical products that are used in conjunction with plasma-derived products, such as Emosint and K Flebo. The Group's main customers are hospitals, government agencies and national health services in the public sector, and private health facilities, pharmaceutical wholesalers and pharmacies in the private sector.

In addition, the Group also engages in the following technology transfer activities:

- technology know-how;
- support services to engineering companies;
- personnel training and validation;
- on-site assistance during validation processes, as well as during production, following the grant of authorisation; and
- copies of registration dossiers, including clinical studies and viral inactivation studies to be submitted to the competent health regulatory authorities to obtain a marketing authorisation (a "**Marketing Authorisation**").

Customers

The Group has a large and well-diversified international customer base. For the year ended 31 December 2013, no single customer accounted for more than 10% of the Group's revenues and the Group's top-ten (10) customers, by revenue, did not account for more than 50% of the Group's revenues.

Furthermore, the Group has never recorded a material loss in receivables, save for one incident in Greece in 2011, as a consequence of which the Group was required to make provisions in its financial statements of approximately €1.7 million to cover potential losses mainly due to the sovereign debt crisis.

The Group sells its plasma-derived products and synthetic pharmaceutical products to public sector clients, such as Italian regional authorities and hospitals, as well as to private sector clients, such as private healthcare facilities, pharmaceutical wholesalers and pharmacies.

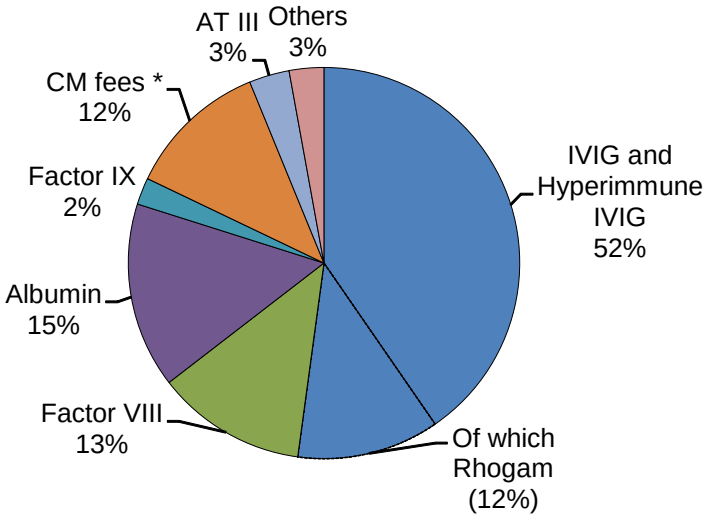
In the European Union (ex-Italy) and the rest of the world, the Group sells its products mainly to local distributors supplying local public healthcare services and facilities.

On the other hand, in the U.S., the Group sells its products, which are currently manufactured, in part, by Grifols Inc., a competitor, mainly to local distributors supplying local public healthcare services. However, the Group owns the licences for these products and, starting in July 2013, the first phase of production of these products was performed in the Group's Melville plant.

The Group also sells its raw plasma to other fractionators and producers of plasma-derived products.

Principal Products

The following table shows the Group's revenues by its principal products as of 31 December 2013.



Collected plasma, whether source or recovered, is fractionated into different component proteins. Although the Group fractionates and purifies a broad range of plasma-derived products, IVIG, Factor VIII, Human anti-D immunoglobulin and albumin are its principal products. In addition, the Group also produces: (i) IMIG, hyperimmune immunoglobulins, which are used for the treatment of tetanus and hepatitis B; (ii) Antithrombin III, which is used in the treatment of thrombotic diseases; (iii) Factor IX, which is used in the prevention and control of bleeding in patients with haemophilia B; and (iv) IMMUNOHBs and KEDHBs Anti-hepatitis B, which are used in liver transplants.

In order to sell its plasma-derived products, the Group must first register the products with the competent authorities of the jurisdiction where such products are to be marketed and sold. In Italy, the following eight "copy products" of existing commercial products have been registered in compliance with Italian law: IVIG; human albumin; Factor IX; Factor VIII; complex of Factor II, IX and X; human plasma protein hyperimmune immunoglobulins for the treatment of tetanus and hepatitis B; and Antithrombin III, to be exclusively dedicated to the distribution of plasma-derived products obtained from plasma collected in Italy.

Principal Plasma-Derived Products

The Group's principal plasma-derived products and their respective applications are summarised in the table below:

Product Description	Main Applications
AIMAFIX, human plasma coagulation Factor IX, powder and solvent for solution for infusion Factor IX *Humanfactor -9*, human plasma coagulation Factor IX, powder and solvent for solution for injection Factor IX	Treatment and prophylaxis of bleeding in patients with haemophilia B or congenital or acquired Factor IX deficiency
ALBITAL, human albumin, 20 per cent.	Restoration and maintenance of circulating blood volume and when

Product Description	Main Applications
and 25 per cent., solution for infusion	use of a colloid is appropriate
AT III KEDRION, human plasma antithrombin, powder and solvent for solution for infusion	Treatment of patients with congenital or acquired antithrombin deficiency
EMOCLOT, human plasma coagulation Factor VIII, freeze dried, powder and solvent for solution for infusion	Treatment and prophylaxis of bleeding in patients with haemophilia A
Humanfactor-8, human plasma coagulation Factor VIII, powder and solvent for solution for injection	Treatment of haemophiliacs with antibodies against Factor VIII
Humaclot, human plasma coagulation Factor VIII, powder and solvent for solution for infusion	Treatment of patients with Von Willebrand's disease *(approved only in certain countries)*
EMOWIL, human plasma coagulation Factor VIII, powder and solvent for solution for infusion	Treatment and prophylaxis of bleeding in patients with haemophilia A Treatment of patients with Von Willebrand's disease Treatment of haemophiliacs with antibodies against Factor VIII
Ig VENA, human normal immunoglobulin (IVIg) 5 per cent. solution for infusion. (Kedrigamma in Vietnam, Mexico and Philippines)	Replacement therapy in primary immunodeficiency syndromes with impaired antibody production and Hypogammaglobulinaemia and recurrent bacterial infections Immunomodulation in primary immune thrombocytopenia (ITP), in patients at high risk of bleeding or prior to surgery to correct the platelet count Treatment of recurrent bacterial infections in patients with congenital AIDS
Humanglobin, human normal immunoglobulin (IVIg) 5 per cent. powder and solvent for solution for infusion	Treatment of Guillain-Barré syndrome, Kawasaki disease, Chronic Inflammatory Demyelinating Poliradiculoneuropathy (CIDP) (*approved only in certain countries*) Treatment of Myasthenia Gravis (*approved only in certain countries*)
IMMUNOHBs, human hepatitis B immunoglobulin, solution for injection for intramuscular use	Prevention of hepatitis B virus re-infection after liver transplantation for hepatitis B induced liver failure. Immunoprophylaxis of hepatitis B
IMMUNORHO, human anti-D immunoglobulin, powder and solvent for solution for injection for intramuscular use (KeyRho in Mexico)	Prevention of Rh(D) immunisation in Rh(D) negative women • Antenatal prophylaxis • Postnatal prophylaxis
IMMUNORHO, human anti-D immunoglobulin, solution for injection for intramuscular use	Treatment of Rh(D) negative persons after incompatible transfusions of Rh(D) positive blood or other products containing red blood cells *e.g.*, platelet concentrate

Product Description	Main Applications
RhoGAM and *MICRhoGAM* Ultra-Filtered PLUS, Rho(D) Immune Globulin (Human)	
KEYVENB, human hepatitis B immunoglobulin, powder and solvent for solution for infusion	Prevention of hepatitis B virus recurrence after liver transplantation for hepatitis B induced liver failure
UMAN BIG, human hepatitis B immunoglobulin, solution for injection	Immunoprophylaxis of hepatitis B
PLASMASAFE, human plasma proteins, solution for infusion	Identical indication to those of fresh-frozen plasma
TETANUS GAMMA, human tetanus immunoglobulin, solution for injection for intramuscular use	Post-exposure prophylaxis Therapy for clinically manifest tetanus
UMAN ALBUMIN, 5 per cent. or 20 per cent. human albumin, solution for infusion *HUMAN ALBUMIN*, 5 per cent. or 20 per cent. human albumin, solution for infusion	Restoration and maintenance of circulating blood volume where volume deficiency has been demonstrated and use of a colloid is appropriate Hypovolemia and Hypoalbuminemia
KEDBUMIN, human albumin, 25 per cent. solution	Prevention of central volume depletion after paracentesis due to cirrhotic ascites; treatment of Ovarian Hyperstimulation Syndrome (OHSS), Adult Respiratory Distress Syndrome (ARDS), burns; use in Hemodialysis patients undergoing long-term dialysis; treatment of patients who cannot tolerate substantial volumes of salt solution; priming as part of a cardiopulmonary bypass fluids
UMAN COMPLEX, human plasma coagulation Factor IX + Factor II + Factor X (Stuart-Prower factor), powder and solvent for solution for infusion	Treatment of bleeding and perioperative prophylaxis of bleeding
UMAN SERUM, human plasma proteins, 250 ml 5 per cent. solution for infusion	Treatment of shock of any origin and nature, burns, hypoprotidemic syndromes in general. All used in treatment of starvation edema, cirrhosis, and all other indications of plasma therapy.
VENBIG, human hepatitis B immunoglobulin, powder and solvent for solution for infusion	• Prevention of hepatitis B virus recurrence after liver transplantation for hepatitis B virus liver failure in combination with antiviral therapy • Immunoprophylaxis of hepatitis B

In addition to the above products, the Group also produces standard immunoglobulin for intramuscular use and hyperimmune immunoglobulin for the treatment of tetanus in the Hungarian market.

Sales Rights Agreement

The Group has also entered into a "sales rights agreement" for the following plasma derivative products:

Product Description	Main Applications
Biotest	
Albiomin, human albumin, solution for infusion	Restoration and maintenance of circulating blood volume where volume deficiency has been demonstrated, and use of a colloid is appropriate
	Replacement therapy in Primary immunodeficiency syndromes with impaired antibody production and Hypogammaglobulinaemia and recurrent bacterial infections
Intratec, human normal immunoglobulin, solution for infusion	Treatment of recurrent bacterial infections in patients with congenital AIDS
	Immunomodulation in Primary immune thrombocytopenia (ITP), in patients at high risk of bleeding or prior to surgery to correct the platelet count
	Treatment of Guillain Barré syndrome, Kawasaki disease
LFB	
Wilfactin, human Von Willebrand factor, powder and solvent for solution for infusion	Prevention and treatment of bleeding or surgical bleeding in von Willebrand disease (VWD)
ALBUMINA LFB human albumin, solution for infusion	Restoration and maintenance of circulating blood volume where volume deficiency has been demonstrated and use of a colloid is appropriate
Grifols Therapeutics Inc.	
Koate-DVI, Antihemophilic Factor (Human), powder and solvent for solution for infusion	Koāte-DVI is indicated for the treatment of classical haemophilia (haemophilia A) in which there is a demonstrated deficiency of activity of the plasma clotting factor, Factor VIII
Gammaked Immune Globulin Injection (Human), Caprylate/Chromatography Purified	GAMMAKED is an immune globulin injection (human), 10 per cent. liquid indicated for treatment of: • Primary Humoral Immunodeficiency (PI) • Idiopathic Thrombocytopenic Purpura (ITP) • Chronic Inflammatory Demyelinating Polyneuropathy
Albuked, (Human) 5 per cent., USP	Emergency Treatment of Hypovolemic Shock

Marketing Authorisations for Plasma Derivative Products

To comply with the regulatory requirements in certain jurisdictions, the Group has approximately 429 Marketing Authorisations registered in 60 countries, which are summarised in the table below:

Human plasma coagulation Factor VIII. 62 licences for marketing and sale: 30 in the European Union/Non-European Union, 6 in Asia, 12 in Latin America, 7 in the Middle East and 7 in Africa;

Human plasma coagulation Factor IX. 41 licences for marketing and sale: 24 in the European Union/Non-European Union, 4 in Asia, 7 in Latin America, 5 in the Middle East and 1 in Africa;

Human normal immunoglobulin (IVIg). 90 licences for marketing and sale: 41 in the European Union/Non-European Union, 15 in Asia, 12 in Latin America, 19 in the Middle East and 3 in Africa;

Human normal immunoglobulin (IMIg). 1 licence for marketing and sale: 1 in the European Union/Non-European Union;

Human albumin from human plasma. 83 licences for marketing and sale: 39 in the European Union/Non-European Union, 20 in Asia, 7 in Latin America, 15 in the Middle East, 2 in Africa and 1 in the U.S.;

Human plasma coagulation Factor IX + Factor II + Factor X. 8 licences for marketing and sale: 5 in the European Union/Non-European Union, 1 in Asia, 1 in Latin America and 1 in the Middle East;

Human hepatitis B immunoglobulin for intramuscular use. 44 licences for marketing and sale: 32 in the European Union/Non-European Union, 3 in Asia, 4 in Latin America, 3 in the Middle East and 2 in Africa;

Human anti-D immunoglobulin. 57 licences for marketing and sale: 17 in the European Union/Non-European Union, 9 in Asia, 14 in Latin America, 13 in the Middle East, 3 in Africa and 1 in the U.S.;

Human tetanus immunoglobulin. 25 licences for marketing and sale: 13 in the European Union/Non-European Union, 5 in Asia, 5 in Latin America and 2 in the Middle East;

Human hepatitis B immunoglobulin for intravenous use. 33 licences for marketing and sale: 25 in the European Union/Non-European Union, 3 in Asia, 3 in Latin America, and 2 in the Middle East;

Human plasma antithrombin. 7 licences for marketing and sale: 6 in the European Union/Non-European Union and 1 in Latin America;

Desmopressin. 5 licences for marketing and sale: 2 in the European Union/Non-European Union and 3 in Latin America;

Influenza vaccine (split virion, inactivated). 2 licences for marketing and sale: both in the European Union/Non-European Union;

Potassium dl-aspartate. 2 licences for marketing and sale: both in the European Union/Non-European Union;

Human Plasma Proteins. 3 licences for marketing and sale: all in the European Union/Non-European Union;

Research & Development

The Group's Research & Development ("**R&D**") efforts are critical to its growth and its competitiveness in the pharmaceutical industry. In 2013, the Group dedicated approximately €14 million to R&D activities, which accounted for approximately 3.4 per cent. of its consolidated net revenues. The Group's R&D efforts are primarily geared towards the development of new products and studying technological innovations to improve products, manufacturing processes, yields, safety and efficiency. The Group is also focused on increasing the capacity of its production plants by exploiting opportunities for the use of intermediate production from suppliers within the EU or the U.S. In addition, the Group is also committed to implementing projects financed by regional and national authorities, in collaboration with partners from the public scientific community.

New Products and Projects

The following table sets forth the Group's principal new products in its pipeline that are at various phases of development:

Development phase

Fibrin Glue	The submission for its registration in Italy was made in 2012; Marketing Authorisation is expected by the end of 2014. The product has been developed as an adjunct to surgical haemostasis. The preparation includes fibrinogen and thrombin as its main components. When locally applied, the two proteins mix and coagulate, producing a biological adhesive that mimics natural fibrin blood clot.
Plasminogen	We have obtained an orphan drug designation for this product both for the EU and the U.S. The product has been developed to be used as eye drops in the treatment of ligneous conjunctivitis; additionally, the Group is currently supplying this product in Italy for humanitarian use. The Phase III clinical study is currently ongoing. The completion of the study is foreseen in Q2 2014. The BLA submission is expected by February 2015, in order to have the product launched on the market in Q4 2015.
New Generation Immunoglobulin (NGIG)	We have developed a new preparation of immunoglobulin for intravenous administration, in a 10% liquid formulation. The new product is obtained through a chromatographic process, as opposed to the traditional Cohn fractionation process, and, as a result, is more purified and provides a higher yield, allowing us to maximise the value of the critical source material that is plasma. Furthermore, the product is triple-virus-inactivated, which provides an improved pathogen safety profile. The clinical study for the PID indication (Primary Immunodeficiency) is ongoing; the clinical study protocol meets both FDA and EMA requirements and is suitable for Market Authorisation application in both regions. The study is expected to conclude in August 2014. The BLA application is expected to be filed in June 2016. Further clinical studies will be carried out starting from 2014-2015 for the CIDP (Chronic Inflammatory Demyelinating Polyneuropathy), ITP (Idiopathic Thrombocytopenic Purpura) and PID paediatric indications.
Factor V (FV)	Kedrion decided to develop a method for the purification of FV from plasma, or from an intermediate of plasma fractionation, to respond to growing demand for specific FV concentrates for the treatment of patients with a congenital or acquired deficiency of this protein. In the absence of FV concentrates, FFP (preferably virus-inactivated) is currently the treatment of choice for symptomatic FV deficiency. FV congenital deficiency is one of the rare inherited coagulation disorders, which are a group of recessively inherited abnormalities in haemostasis that affects 200,000 patients or less. Inherited deficiencies of plasma proteins involved in blood coagulation generally lead to lifelong bleeding disorders, the severity of which is normally inversely proportional to the degree of factor deficiency. Currently, a purification process has been developed on a pre-industrial scale and the protein can be purified on a pilot scale. *In vitro* studies are ongoing, non-clinical development has already been scheduled to start in 2014, and the pivotal clinical study is due to start in 2015.
Resusix	The product has been developed as a solvent/detergent plasma subjected to spray-drying, in collaboration with the company Entegrion. The collaboration focuses on the characterisation of the product obtained in the stability study and assistance with the preparation of clinical batches in 2014.

Research Phase

Factor H (FH)

Glycoprotein is synthesised predominantly by the liver and present in plasma at a very low concentration. FH plays a crucial role in the inhibition of the activation of the alternative complementary pathway and possesses anti-inflammatory capabilities. FH gene mutations that cause alterations in the normal expression of the protein are associated with severe diseases such as haemolytic uremic syndrome (HUS) and the membrane-proliferative glomerulonephritis type II. As part of a business development strategy of "orphan drugs", this protein was evaluated primarily in connection with the treatment of HUS based upon the following criteria: prevalence of the disease, the absence of therapeutic alternatives, the severity of clinical manifestations, and a real possibility of access to the protein. Currently, a laboratory scale purification process has been developed and the characterisation of the final product is ongoing.

Universalised plasma

Currently, the manufacturing of S/D plasma is group-specific. All four different blood type groups are manufactured for Plasmasafe. The "natural" AB universal plasma is available in limited quantities (4 per cent. of U.S. population). Plasma from the A-group (35 per cent. of U.S. population) is far more available. The manufacturing of Universal Plasma from A-group plasma will provide more raw materials, which have good starting levels for coagulation factors. The scope of the project is the identification of a suitable technology for the manufacturing of Universal S/D plasma from A-group plasma. The targets are:

- removal of type B isoagglutinin antibodies from A-group plasma by the use of a specific affinity chromatographic resin in low levels to eliminate haemolysis when universal plasma is transfused across blood types
- impact on plasma quality
- maintaining high level for pro- and anti-coagulant proteins in plasma
- avoiding complement activation
- biocompatibility
- economical sustainability

SCIG 20-25 per cent.

The Group is carrying out laboratory trials to obtain a concentrated preparation of immunoglobulin for subcutaneous administration. The product will be obtained by an efficient process in terms of yield and purity profile, and the higher concentration will improve the benefit to patients.

SCIG 16 per cent.

We are planning to submit the Marketing Authorisation application in Italy for this product in the second quarter of 2014 for the PID indication in the adult population.

Kedrion Anti-D immunoglobulin

There is another clinical study currently planned to extend registration to other countries.

In addition, the Group is also involved in other new projects, which are summarised in the table below.

Improving manufacturing processes to improve yields, safety and efficiency	Among the projects related to improving yields, safety and efficiency, the Group is developing a Factor VIII concentrate with an increased content of Von Willebrand Factor, and is working on the optimisation process of the Plasmasafe product with the aim of obtaining a more efficient process in terms of quality and yield. Also, a complete panel of characterisation tests for this product has been developed and applied.
Increase capacity	As a consequence of the acquisition of different manufacturing sites in Gödöllő (Hungary) and Melville (U.S.), it is very important to the goal of increased capacity that all the intermediates obtained through plasma fractionation can be exchangeable between the different manufacturing sites. For this reason, research and development efforts are needed to harmonise and optimise the purification processes.

Rare Diseases

The Group continually focuses on orphan drugs and is currently cooperating with third-party partners on a program to develop products for the treatment of rare pathologies connected to congenital deficiencies in plasmatic proteins. Such pathologies, which affect only a small number of patients (*i.e.*, 200,000 patients or less), have a considerable importance from a clinical, ethical and social perspective. Among the products for the treatment of such pathologies, the Group has internally developed a plasminogen concentrate for ophthalmic use (collyrium), Factor V and Factor H, as described above.

Safety and Logistics

Safety procedures are in place throughout the entire production cycle to inactivate or remove viruses and other pathogens. These procedures include chemical treatment using a solvent/detergent mixture, a treatment called "**pasteurisation**", heat treatment and nanofiltration. The Group tailors and combines such procedures according to the characteristics of each product, to ensure the product's safety without affecting the integrity of the proteins and the therapeutic effectiveness.

One essential aspect of this process is the safety procedures put in place to guarantee the quality and safety of the donated plasma. The Group's logistics department ensures that, in accordance with European and United States requirements, plasma, intermediates and finished products are kept at the required temperatures for the plasma at all stages—collection, storage and transportation (the "**cold chain**"). Plasma and intermediates are required to be stored at a temperature below -20°C, whereas other production materials and finished products require a temperature below -18°C (for Plasmasafe), between 2°C and 8°C (*e.g.*, for lyophile coagulation factors and liquid IVIG), between 18°C and 25°C (for hyperimmune immunoglobulins), and below 30°C (for albumin). All of the Group's distribution networks use the cold chain to deliver finished products to customers by maintaining the required temperatures throughout the distribution process.

Quality Control

The plasma collection, fractionation and production process is long, complex and subject to strict regulatory requirements. See "*-Regulatory Framework*". The Group has adopted and maintained rigorous quality standards, and the Group actively invests in the continued improvement of its production facilities and plasma fractionation process.

QC Department

The Group's QC Department carries out tests and screenings at various stages of the production cycle to verify that the raw materials, intermediates, bulk products and finished products comply with technical requirements. The Group also monitors the air, water and general environment. In addition, its QC Department carries out

short-term stability tests under stress conditions and long-term stability tests under normal storage conditions to verify whether the product maintains its specific properties during its shelf life.

QA Department

The Group's QA Department develops and implements procedures to comply with GMP requirements. In particular, such procedures aim to ensure that: (i) a system of standard operating procedures and instructions is in place; (ii) internal training and audits are carried out; (iii) testing and calibration of processes and equipment is carried out; (iv) validation activities relating to cleaning, processing, analytical procedures, viral inactivation and qualification of machinery and equipment are carried out; and (v) support programmes aimed at validation maintenance of machinery and equipment (*e.g.*, maintenance and calibration programmes) are implemented. Preventive maintenance is carried out in August and January, while ordinary maintenance is carried out on scheduled dates and extraordinary maintenance is carried out following a machinery malfunction. Every quality control activity is carried out according to specific procedures based on a programme approved by the QA Department.

Kedrion Quality Programme

In order to ensure that products and processes meet the highest quality standards, the Group has developed a multistep programme called the "**Kedrion Quality Programme**", which provides for constant monitoring of the production cycle. This programme is divided into eight phases:

(i) *Screening of donors*: the Group uses plasma donated by regular donors who meet the necessary requirements and plasma obtained from approved collection centres subjected to regular inspections by the competent authorities. Donors are selected on the basis of rigorous standard operating procedures and are subject to specific interviews and clinical tests to establish the absence of any behaviour that may entail risks in the context of plasma donations. Donors may donate up to twice a week in the U.S. and no more than once a week in Germany. The collection of hyperimmune plasma is from donors who have been immunised through a specific vaccine. Hyperimmune collection centres perform activities and procedures similar to ordinary centres, except that donors are selected on the basis of specific or immunised antibodies.

(ii) *Testing of donations*: only donations that have tested negative for an array of viruses are processed.

(iii) *Inventory Hold*: plasma is processed only after having been held in isolated storage for at least 60 days.

(iv) *Test NAT*: nucleic acid testing aimed at further screening blood to detect any viral pathogens (hepatitis A, B, C, HIV and Parvovirus B-19). This test allows detection and identification of nucleotidic sequences connected to viral pathogens.

(v) *GMP requirements*: in order to ensure the quality of its products, the Group has developed internal quality procedures focusing on two different areas: production and all activities other than production. Every aspect pertaining to its products, from production to traceability, is closely monitored and approved by the relevant quality departments within each facility (the QA and QC Departments), to ensure compliance with Good Manufacturing Practices ("**GMPs**").

(vi) *Viral inactivation/removal treatment*: in order to lower the risk of potential transmission of known, as well as unknown, pathogens, the Group has implemented specific production techniques aimed at inactivating/removing pathogens from each product. Such procedures are appropriately monitored to ensure that they are effective in inactivating or removing pathogens.

(vii) *Batch release*: each batch of plasma-derived product is tested at one of the Official Medicines Control Laboratories ("**OMCL**"), which are national agencies regulated by the European Medicines Agency, in order to obtain the relevant authorisations to enter the market. The OMCLs which the Group uses are NIBSC (National Institute for Biological Standards and Control) in the UK, PEI (Paul Ehrlich Institut) in Germany and ISS (*Istituto Superiore di Sanità*) in Italy. The procedures for obtaining the necessary

authorisations may take up to 60 days, pursuant to applicable laws, and tend to fluctuate between 20 and 60 days, depending on the laboratory.

(viii) *Pharmacovigilance*: following release on the market, products are subject to monitoring, reporting to regulatory authorities and further testing in order to continually review their safety and tolerance profile and detect any adverse reactions.

Material Contracts

Grifols Agreements

In April 2011, Kedrion entered into a series of agreements with Grifols (the "**Grifols Agreements**") to purchase from Grifols a plasma fractionation facility in Melville, New York and two plasma collection centres in Mobile, Alabama and Winston Salem, North Carolina). However, Grifols was obliged to manage the Melville Facility for a period of up to four years, and the purification of certain intermediate plasma products produced at the facility for a seven year period. As such, effective July 1, 2013, Grifols transferred the management of the Melville Facility to Kedrion, while Grifols continues to purify certain intermediate plasma products from the Melville facility on behalf of Kedrion.

In addition, the Grifols Agreements also included a 300,000-400,000 litre contract manufacturing agreement for the fractionation and purification of Kedrion's own plasma for the production and distribution of IVIG, Albumin and Factor VIII (under the trade name Koate-DVI), all of which would be sold by Kedrion, but only in the U.S. The Grifols Agreements also provided for Kedrion's option to purchase of Talecris' FVIII U.S. business (Koate) from Grifols.

RhoGAM Agreement

In July 2012, the Group entered into a purchase agreement with Ortho Clinical Diagnostics, Inc. (at that time, part of the Johnson & Johnson Group) to acquire its RhoGAM business and Somerset Laboratories, Inc. ("**Somerset Labs**"), a U.S. collection centre specialised in Hyperimmune plasma. The assets transferred to the Group as part of the acquisition included, inter alia, specified inventory, equipment, IP rights, contracts, real property, and all shares of capital stock in Somerset Labs.

Pursuant to the purchase agreement, the Group entered into various ancillary agreements, including a transition services agreement, a manufacturing services agreement, a quality assurance agreement, supply agreements and country distribution agreements.

Material Financing Agreements

'*Natixis Financing Agreement*' – between Kedrion, as borrower, and Natixis S.A., Milan Branch, as lender, executed on 21 June 2013, for an amount equal to €100 million, for the purposes of (i) repaying an existing financing agreement entered into between Kedrion, as borrower, and Natixis S.A., Milan Branch, as lender, executed on 21 December 2012, for an amount equal to €20 million and (ii) financing the Issuer's purchase of its treasury shares from Sestant S.p.A., that terminates in 18 months less one day from the date of the agreement. Subsequently, approximately 40 per cent. of the principal amount of the loan was assigned to Banca IMI S.p.A. pursuant to an agreement signed in November 2013.

'*Shareholders' Financing Agreement*' – between FSI, as the financing shareholder, Sestant, Sestant Internationale S.p.A. and Kedrion, executed on 1 August 2013, consisting of a loan convertible into shares of Kedrion made available by FSI to Kedrion up to a maximum amount equal to €50 million, currently undrawn. See also "*- Shareholders' Agreement*.".

'*Term Facility Agreement*' – between the Issuer, as borrower, and Banca IMI S.p.A., as lender, executed on 17 May 2013, for a maximum amount equal to €20 million that terminates in 18 months less one day from the date of the agreement.

Kedrion Italy has also entered into several centralised treasury contracts whereby it has agreed to manage the treasury services of the Group. It has also entered into a number of cash pooling arrangements with the aim of optimising and simplifying the liquidation of respective intra-group credits and debits.

Material Indebtedness

The following tables set forth the material indebtedness of the Issuer and of Kedrion Italy.

	Kedrion S.p.A. 31 December 2012	Kedrion Group S.p.A. 31 December 2012	Kedrion Group S.p.A. 31 December 2013
		(in thousands of Euro)	
Long-term debt – current portion	34,219	34,219	57,364
Financial liabilities	23,972	23,978	149,280(*)
Current borrowings	**58,191**	**58,196**	**206,644**
Long-term debt – non-current portion	137,391	137,391	87,958
Non-current borrowings	**137,391**	**137,391**	**87,958**
Total gross borrowings	**195,582**	**195,588**	**294,602**
Cash and cash equivalents	(23,326)	(29,327)	(52,618)
Other current financial assets	(1,678)	(24)	(9)
Other non-current financial assets	(552)	(818)	(837)
Net borrowings	**170,024**	**165,419**	**241,138**

(*) This increase, as compared to 2012, is primarily due to the Natixis Financing Agreement and the Term Facility Agreement.

Intellectual Property

As of the date of this Prospectus, Kedrion owns 11 patents, each of which is granted a 20-year protection period, and has 7 pending patent applications. As of the date of this Prospectus, the Group also owns approximately 400 trademarks. The Group is not aware of any third-party infringements of its patents and trademarks, and the Group does not licence any of its patents to third parties.

Plasma-Derived Products

As of the date of this Prospectus, the Group owns 9 patents and has 5 pending patent applications related to plasma-derived products. These patents have been filed in Europe (Italy, Great Britain, France, Germany and Spain), the U.S., Canada and Australia and are either pending registration or are set to expire between 2027 and 2029. The application fields of these patents are set forth below:

- new processes for the purification of plasma proteins (*e.g.*, Protein C, VWF, fibronectin and FV concentrate);
- new processes for the quality improvement of commercial plasma proteins (*e.g.*, FVIII/VWF and 10 per cent. IVIG);
- therapeutic use of transferrin for the treatment and/or prophylaxis of autoimmune diseases and in the treatment of bacterial infections;
- a new process for the purification of a pyrogenic and virus-inactivated haemoglobin for use as a blood substitute; and
- identification and preparation of monoclonal antibodies for the treatment of Hepatitis C.

Other Activities

As of the date of this Prospectus, the Group owns one patent, granted in Italy, related to a closing device for plasma bags and one patent application, which is in the process of final approval, related to a box for packaging.

Licences from Third Parties

The Group currently uses a non-exclusive licence to register, manufacture, distribute and sell a virus-inactivated plasma-derived medicinal product called Plasmasafe, which is registered, produced and sold in Italy. Beginning in March 2014, the third-party licence will become royalty-free.

Property, Plants and Equipment

The Group's headquarters are located in Castelvecchio Pascoli, Lucca (Italy). As of the date of this Prospectus, the Group owned four facilities in three countries: Italy, Hungary and the United States. The table below sets forth the geographic location of each of the Group's manufacturing facilities, the principal products manufactured at each facility, the number of units manufactured at each facility and each facility's current manufacturing capacity.

Facility Name and Location	Size (square metres)	Owned/Leased	Products	2013 Actual Production[(1)]	Current Installed Annual Capacity[(1)]
Industrial Complex One – Bolognana, Italy	64,190	Owned	Albumin	1,231	2,030
			Immunoglobulin i.v.	696	1,175
			Factor VIII	683	2,215
			Factor IX	107	133
			Prothrombin Complex	122	246
			Antithrombin III	197	276
			Fractionation capacity	965	971
Industrial Complex Two – S. Antimo, Italy	42,370	Owned	Antitetano igg	16	16
			Antiepatite e.v./i.v.	4	10
			Anti-D	15	15
			Virus-Inactivated plasma	31	46
			Immunoglobulin i.v. Bulk	475	554
Industrial Complex Three – Gödöllő, Hungary	15,478	Owned	Albumin	205	328
			Immunoglobulin i.v.	51	120
			Factor VIII	97	N/A[(2)]
			Factor IX	88	100
			Antitetanus igg	5	5
			Immunoglobulin i.m.	3	3
			Fractionation capacity	435	508
Industrial Complex Four[(4)] – Melville, NY, United States	9,562	Owned	Fractionation capacity	476[(3)]	1500
Headquarters – Castelvecchio Pascoli (Lucca), Italy	3,886	Leased	Headquarters	N/A	N/A
Warehouse – Castelvecchio Pascoli (Lucca), Italy	3,886	Owned	Production Materials and Finished products storage	N/A	N/A
Warehouse – Üllő, Hungary	555. 85	Leased	Plasma storage	216	311
Warehouse – Fidenza, Italy	900	Leased	Plasma storage	300	897
Warehouse – Anagni, Italy	130	Leased	Plasma storage	56	56

(1) In thousands of litres, except as indicated.
(2) The Group decided to concentrate production of FVIII in the Bolognana facility.
(3) This data refers to the second part of the year as the Group started to directly manage the Melville Facility in July 2013.
(4) In 2013, the Melville Facility had a utilisation rate of approximately less than 40 per cent., which was primarily due to the fact that the plant was only acquired mid-2011 and leased back to Grifols (the seller) until July 2013. However, the Group expects that, due to its direct management of the facility and the forthcoming relocation of RhoGAM production to Melville, the utilisation will significantly improve, reaching 100 per cent. by 2015.

The manufacturing facilities in the EU meet all the regulations and standards of the European health authorities. The Bolognana facility is also FDA-approved for the production of Albumin. The manufacturing facility in Melville is FDA-approved.

The Group leases most of its plasma collection centres in the EU and the United States. The Group believes that each of its facilities maintain the proper licences with the appropriate regulatory authorities, including the FDA.

Insurance

The following paragraphs describe the most significant risks that the Group faces in its operations and the insurance coverage it has contracted to mitigate such risks.

The Group's Risk Management department, which is centralised in Kedrion Italy, manages the Group's international insurance coverage programmes for the Group's primary liabilities and also coordinates the required local policies to cover the residual risks.

The Group is supported internationally by Willis International, one of the world's major insurance brokers.

The Group prefers to have all insurance coverage expire annually, on 30 June, in order to take advantage of any possible market opportunities, as opposed to being locked into a multi-year coverage rate. As such, each of the policies discussed below will expire and may not be renewed in June 2014.

General and Product Liability

The Group's master general and product liability insurance policy includes worldwide coverage to protect against claims brought by persons who claim they were harmed by their use of the Group's products. The maximum amount of coverage for product liability claims is €43 million per claim per year.

The Group's master liability programme also protects it and its affiliates from general and third-party liability, up to a maximum of €43 million.

Property Damage and Business Interruption

The Group's property damage and business interruption master insurance policy covers the Group and its German and Hungarian subsidiaries. This master policy covers damages suffered by plants and buildings, equipment, machinery, raw materials, supplies, semi-finished products and finished products. Under the terms of this master policy, the insurer will cover damages produced by fire, smoke, lightning and explosions, *inter alia*, up to a maximum of €75 million. It also covers material damages or losses produced by equipment or machinery breakdown, lack of cooling on refrigerated goods and robbery or looting, *inter alia*, up to a maximum of €10,350,000, €22,000,000, and €200,000, respectively.

In addition, this policy covers business interruption for a period of indemnity of up to a maximum of 12 months, with a deductible equivalent to up to a maximum of four days of lost profits for the Group's plants.

The Group's U.S. subsidiaries are also covered by a property damage and business interruption insurance policy, which covers damages produced by fire, smoke, lightning and explosions, *inter alia*, for up to a maximum of $90,700,000. It also covers a contingent business interruption for up to a maximum of $20,000,000.

The Group's Melville plant is covered by a special "Withdrawal of regulatory approval and industrial all risks business interruption" insurance policy, which expires in June 2016, up to a maximum of $82,500,000.

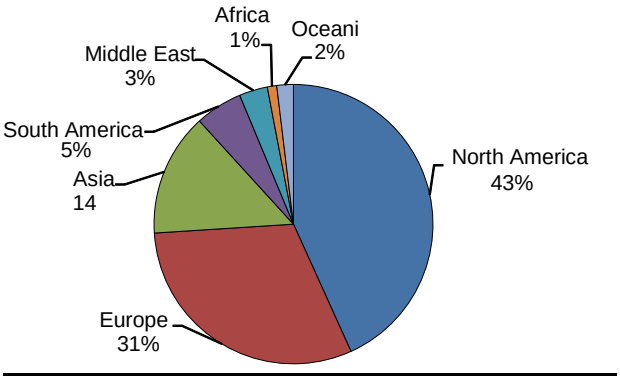
Industry & Competition

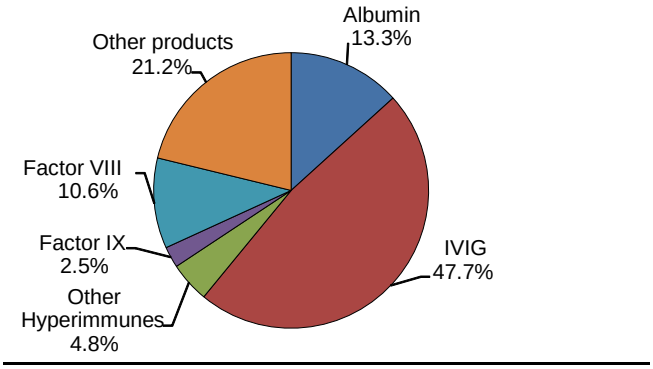
The Market for Plasma-Derived Products

This section describes the market trends and the Group's position within the plasma derivatives market.

The global market for plasma-derived products, excluding recombinant products, reached $15.2 billion in 2012, with an estimated growth rate of 14 per cent., as compared to 2010. (Source: MRB 2013)

The following charts set out the worldwide plasma market value by geographic area and product line for 2012.



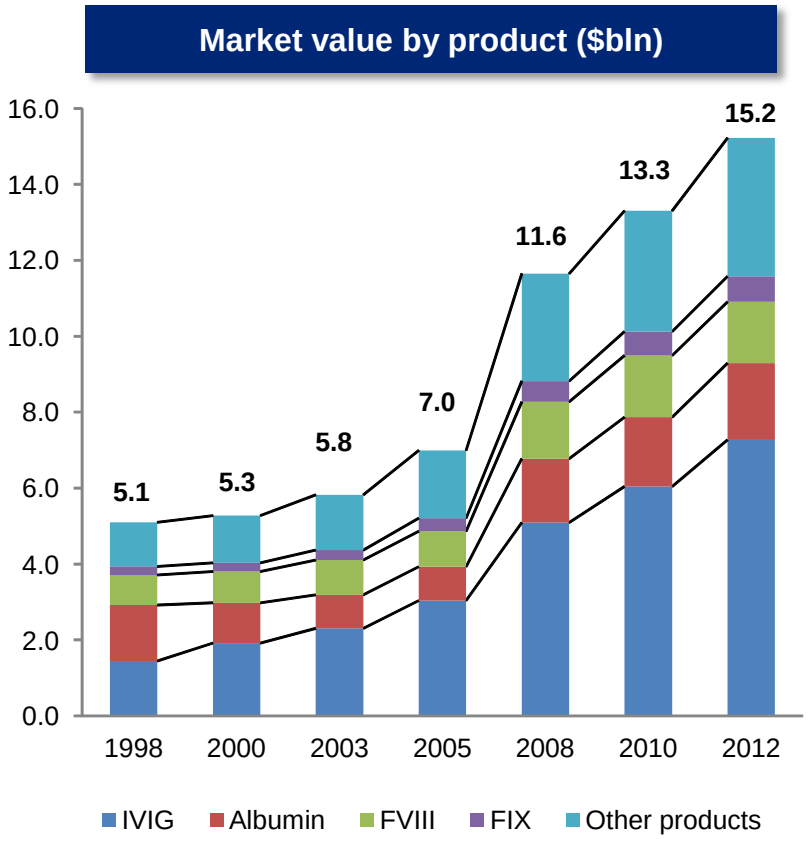


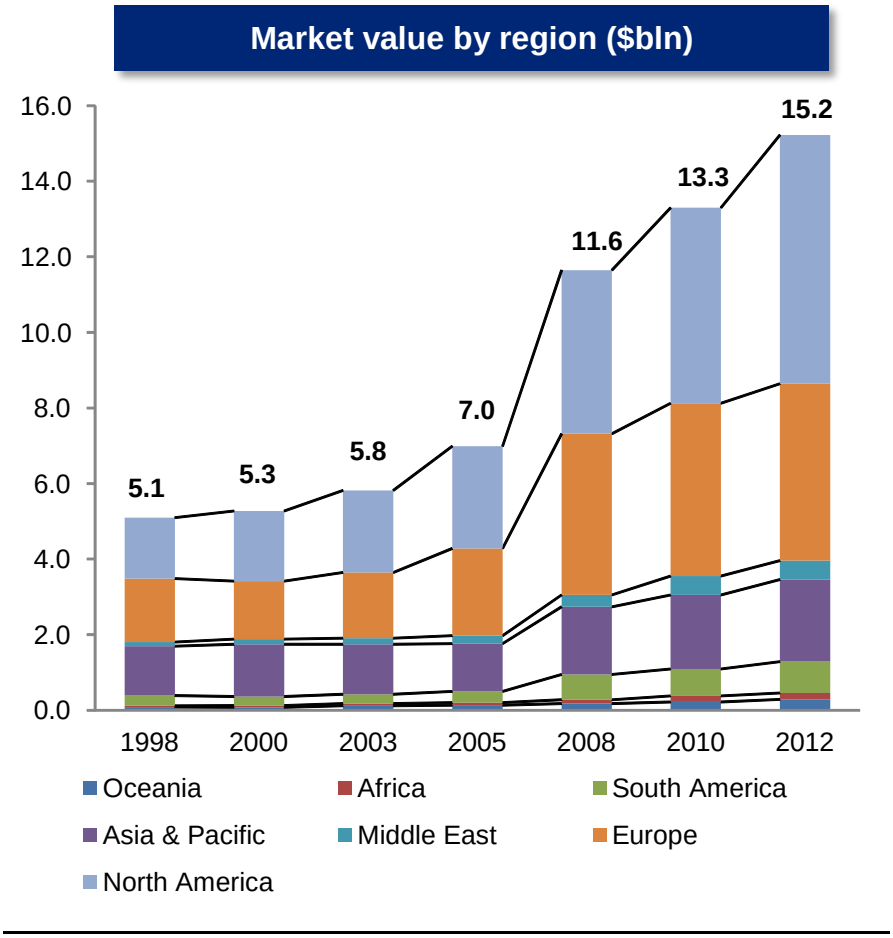
The main factors contributing to this growth in sales volume were: the increase in the number of patients diagnosed, the increase in average life spans, the increase in applications of the products and their dosages, and the increase in per capita income in developing countries. This latter factor has increased the number of patients who can afford treatment.

In 2012, approximately 70 per cent. of the entire market of plasma-derived products consisted of three categories: standard immunoglobulins, coagulation factors and albumin.

The following graphs show the historical segmentation of the global market by product and geography:

Global Market for Plasma-Derived Products ($M)





Market average annual growth rate is estimated to have been 8.1 per cent. for the 1998-2012 period.

As far as specific products are concerned, market growth is principally attributable to standard immunoglobulins. Geographically, the main target market for many operators is North America; 43.2 per cent. of global sales in 2012 were concentrated in the United States. Europe is the second largest market, with a 30.8 per cent. share. The fundamental difference between the U.S. and the European markets is that, in the United States, prices are subject to market forces of supply and demand, whereas in Europe, prices are subject to regulation by national authorities. (Source: MRB 2013)

The Group's Market Position

From the end of the 1990s, the plasma production market underwent a steady process of consolidation. As a result, at the end of 2012, the four main market players (excluding not-for-profit organisations)—Baxter International Inc. ("**Baxter**"), CSL Ltd. ("**CSL**"), Octapharma A.G. ("**Octapharma**") and Grifols S.A. ("**Grifols**")—controlled approximately 71 per cent. of the global market. As a result, today the market is dominated by highly specialised, vertically integrated companies operating in broad geographical areas.

At the end of 2012, the Group was ranked as the fifth largest worldwide operator, by revenues (excluding not-for-profit organisations), with a 3.9 per cent. market share, which was primarily based on the Group leveraging its leading position in Italy and the rest of the world. (Source: MRB 2013)

Employees

As of 31 December 2013, the Group employed 1,777 individuals, 831 of whom were employed by Kedrion Italy.

The following tables present information regarding the Group's number of employees as of 31 December 2012 and 31 December 2013, broken down by employee type and administrative division/geographic area, respectively:

	As of 31 December	
	2012	2013
Managers	63	69
White Collar	933	1,076
Blue Collar	510	631
Total workforce	**1,506**	**1,776**

	Italy		Europe		U.S.		Total	
	As of 31 December		As of 31 December		As of 31 December		As of 31 December	
	2012	2013	2012	2013	2012	2013	2012	2013
Cost of Goods Sold (*i.e.*, Production)	536	548	276	305	306	503	1,118	1,356
General & Administrative	153	153	29	29	25	46	207	228
Sales & Marketing	55	56	19	24	29	31	103	111
Research & Development	46	49	0	0	0	3	46	52
Other	25	25	5	4	2	0	32	29
Total workforce	**815**	**831**	**329**	**362**	**362**	**583**	**1,506**	**1,776**

As of 31 December 2013, the Group also employed 40 individuals (36 in Italy and 4 in Mexico) under outsourced employment contracts and one employee in Brazil, who are not included in the table above.

Of the Group's Italian employees, approximately 235 are represented by five labour unions, which are listed in the table below.

Italian General Confederation of Labour	*Confederazione Generale Italiana del Lavoro*	*CGIL*
Italian Confederation of Trade Unions	*Confederazione Italiana Sindacati Lavoratori*	*CISL*
Italian Union of Chemical, Energy and Manufacturing Workers	*Unione Italiana Lavoratori Chimica Energia Manifatturiero*	*UILCEM*
General Labour Union	*Unione Generale del Lavoro*	*UGL*
Italian Federation of Autonomous Chemical Workers – Italian Confederation of Autonomous Unionised Workers	*Federazione Italiana Autonoma Lavoratori Chimici – Confederazione Italiana Sindacati Autonomi Lavoratori*	*FIALC-CISAL*

The Group's Hungarian employees are represented by one labour union, the OGYDVSZ. The remainder of the Group's employees are not represented by labour unions. Only the employees of the Group's subsidiaries in Italy, Austria, Germany and Hungary are represented by collective bargaining agreements. The Group has not experienced any significant work stoppages in the last ten (10) years. The Group considers its employee and labour relations to be good.

Regulatory Framework

Plasma-derived products are pharmaceutical products and, therefore, must be authorised by, and registered with, the relevant regulatory authorities prior to their market release.

The length of the authorisation and registration procedures vary depending on the authority and the country granting the authorisation/registration.

Italian Regulation

Authorisation and Amendment Procedures for Pharmaceutical Products in Italy

Authorisation

In Italy, pharmaceutical products must obtain a Marketing Authorisation from the Italian Medicines Regulatory Agency (the "**AIFA**") (or an analogous EU authorisation pursuant to EC Regulation No. 726/2004), prior to being sold. Under Italian law, a Marketing Authorisation may only be granted by the AIFA to an applicant residing within the EU, and the application form must be accompanied by the documentation set forth in article 8 of Legislative Decree No. 219/2006, as amended ("Implementation of Directive 2001/83/EC (as amended) on the Community code relating to medicinal products for human use").

The application must also be accompanied by certain details and documents, including details of the applicant and the producer (if different from the applicant), a description of the production method and applications of the product, and a description of the testing methods employed as well as results of pre-clinical studies (the "**registration dossier**").

The AIFA is then required to assess the application for Marketing Authorisation within 210 days of its submission. However, this time limit is not mandatory.

According to applicable EU and Italian laws, a marketing authorisation is valid for five (5) years, after which the authorisation will continue to be valid unless and until the AIFA deems it appropriate to limit the authorisation renewal to another five-year period. The marketing authorisation may also be withdrawn if the relevant product is either not placed on the Italian market within the three (3) years following its issue or, despite it being authorised and available on the market, if it is not sold for a period of three (3) consecutive years. Marketing Authorisations must also be renewed in accordance with the applicable requirements in each relevant member state of the European Union (a "**Member State**").

Amendments

Any amendments to an AIC are subject to the provisions of EC Regulation No. 712/2012. Pursuant to these provisions: (i) the relevant authorities of the Member States in which the product has been authorised must be notified by the AIC holder of minor amendments (*e.g*., name change of AIC holder, amendments to the size of the active ingredient batches, amendments to excipient testing procedures); (ii) major amendments (including, *inter alia*, amendments to the production process), must be approved by the relevant regulatory authorities; and (iii) certain changes to dosage, packaging and medication delivery methods require an extension of the AIC.

In the case of minor amendments, the regulatory authority of the relevant Member State (the "**Relevant Authority**") should provide its assessment within 30 days, depending on the type of amendment. In the case of major amendments, the Relevant Authority employs a more complex approval procedure. Pursuant to this procedure, the Relevant Authority prepares an evaluation report within 30 - 90 days of the filing of the application. This report will then be subject to review by the Relevant Authorities of the other Member States where the product has been authorised, and such other Relevant Authorities should provide their assessment within 30 days of receipt of the evaluation report. This procedure may be subject to extension where the amendments to the AIC are particularly significant.

An amended AIC is subject to the same provisions that applied before it was amended.

EU Mutual Recognition and Decentralised Procedures

Marketing Authorisations may be requested in different Member States.

Should the applicant request Italy to act as the Relevant Authority, the authorisation procedures vary according to whether Marketing Authorisation has already been granted in Italy:

- *Mutual Recognition Procedure*: where prior authorisation has been granted in Italy, the AIFA, upon the request of the applicant, should produce, within 90 days of the receipt of the request, an assessment report and forward it to the Member States concerned with the application, together with a summary of the characteristics of the product, the label and the dosage instructions. The applicant is responsible for sending the registration dossier to the Relevant Authority. The procedure may take up to 180 days (the "**Mutual Recognition Procedure**");

- *Decentralised Procedure*: where prior authorisation has not been granted in Italy and the application is submitted simultaneously to the AIFA and to other Member States, then the AIFA, upon request of the applicant, should produce, within 120 days of the receipt of the request, a draft assessment report, a draft summary of the characteristics of the product, a draft label and draft dosage instructions and forward them to the relevant Member States and to the applicant. As with the Mutual Recognition Procedure, the applicant is responsible for forwarding the registration dossier to the relevant Member States. This procedure may take up to 210 days, or 270 days, in case a consensus agreement is not reached (the "**Decentralised Procedure**").

If the relevant Member States concerned with the application provide a favourable assessment of the product, the AIFA closes the procedure and informs the applicant of the outcome. On the other hand, if the relevant Member States provide an unfavourable assessment, Directive 2001/83/EC sets out the provisions to be applied.

*Duties of a Marketing Authorisation holder (an "**MA Holder**")—Pharmacovigilance and Medical & Scientific Information (Scientific Service)*

Pharmacovigilance

An MA Holder must employ a manager responsible for pharmacovigilance, who must be a person other than the manager responsible for scientific services and must hold the qualifications set forth in Article 130, paragraph 4 of Legislative Decree No. 219/2006.

An MA Holder shall record all suspected adverse reactions ("**ADRs**") in the EU and in other countries that are brought to their attention, whether reported by patients or healthcare professionals, or occurring in the context of a post-authorisation study.

An MA Holder shall submit electronically to the EudraVigilance database:

- all serious ADRs occurring within the EU and in third countries within 15 calendar days from date of receipt; and

- all other ADRs occurring in the EU within 90 calendar days from date of receipt.

However, until the EudraVigilance database reaches full functionality, an MA Holder is required to follow the interim arrangements established by the EMA as per "Reporting Requirements of ICSRs applicable to MA Holders during the interim period".

In addition, all serious ADRs occurring in Italy and arising from medical literature must be reported to the AIFA pharmacovigilance network within 15 calendar days. It is the responsibility of AIFA to transmit these reports to the EudraVigilance database.

A list of EU reference dates is made public by the EMA and frequency of submission of PSURs by means of the European medicines web portal. For medicinal products containing an active substance, or a combination of

active substances not included in the list of EU reference dates, PSURs must be submitted according to the PSUR frequency defined in the Marketing Authorisation or, if not specified, in accordance with the submission schedule specified below REG 28(2), DIR Art 107c(2):

- at six-month intervals once the product is authorised, even if it is not marketed; and
- once a product is marketed, six monthly PSUR submissions should be continued following initial placing on the market in the EU for two (2) years, then once a year for the following two (2) years and thereafter at three-year intervals.

Medical & Scientific Information (Scientific Service)

An MA Holder must employ a manager responsible for scientific service in charge of information about the medicinal products which it places on the market, who must be a person other than the manager responsible for pharmacovigilance and holds the qualifications as set forth in Article 126, paragraph 1 of Legislative Decree No. 219/2006.

The Group's Relationships with the Relevant Authorities

The Group's regulatory affairs department maintains its relationships with the relevant health authorities. In Italy, the Group has established direct relationships with the Italian health authorities (*i.e.*, the Ministry of Health, AIFA, the National Institute for Health and the National Blood Service). Similarly, in Austria, Germany and Hungary, the Group has also established direct relationships with the relevant health authorities. However, in other EU countries, the Group employs local representatives to establish similar regulatory relationships. Outside of the EU, the U.S. and Italy, the Group relies on the relationships of its local distributors.

The Group's regulatory affairs department is also responsible for preparing the documentation required for AIC applications, as well as monitoring any legal amendments in the law that may affect its operations. It also provides support to: (i) the Group's research and development department in connection with the development of new products; (ii) the Group's scientific department during the start-up of clinical trials; (iii) the Group's marketing and sales department with pricing activities and compliance; and (iv) the Group's production head office with submitting requests to obtain or amend production authorisations.

Legislative framework

Production of plasma-derived products

Pursuant to Legislative Decree No. 219/2006, as amended, the production of plasma-derived products in Italy is subject to specific authorisation by AIFA, even where the products being produced are intended for export.

In order to obtain the production authorisation, the applicant must submit an application containing the details of the products to be produced. The applicant must also demonstrate that: (i) it has suitable and adequate premises and technical equipment; (ii) it employs qualified personnel; and (iii) it has at its disposal the services of at least one "qualified person" (within the meaning of the applicable law, especially Article 52 of Legislative Decree No. 219/2006, as amended).

Such qualified person has the duty, among other things, to ensure that pharmaceutical products are produced and tested in accordance with the relevant legal provisions and subject to the conditions set forth in the AIC. In general, such person must ensure that production is carried out pursuant to GMP, and such person is responsible for the quality of all the products, including those that are imported. In addition, the health authorities hold qualified persons responsible for the safekeeping of relevant documentation and for liaising with AIFA regarding any irregularities detected in products placed on the market.

Changes to the production process are deemed by the Relevant Authorities to be changes to the products and do not require a new production authorisation, only an amendment. However, a new production authorisation is required if new lines of production are put in place for the manufacturing of new products.

Production authorisations do not have a specific expiration date. Production facilities are, however, subject to periodic inspections by the relevant authorities.

Pursuant to Law No. 219 dated 21 October 2005 ("New law on transfusion activities and production of plasma-derived products"), in particular, the provisions set out in Article 15 of such law, the production of plasma-derived products using plasma collected in Italy must be carried out based on agreements between the Italian regional authorities and companies that: (i) are adequately sized; (ii) use advanced technologies and (iii) have production facilities that can carry out the fractionation cycle in Italy or in a Member State in which the plasma collected cannot be sold for profit and it is manufactured in a free market in line with relevant European regulations. The Ministry of Health is required to identify, by means of a ministerial decree, the companies that meet such requirements and which are, therefore, authorised to enter into agreements for the production of plasma-derived products with the Italian regional authorities.

As of the date of this Prospectus, the Group is the only company in Italy that fractionates plasma, on a nationwide scale, on behalf of Italian regional authorities for the production of plasma-derived products. Once the aforementioned decree of the Ministry of Health is approved, new competing companies may be authorised to enter into agreements with Italian regional authorities for the production of plasma-derived products.

However, as of the date of this Prospectus, the Ministry of Health has not yet approved the aforementioned decree.

Special provisions relating to plasma-derived products

Quality and safety

Legislative Decree No. 261/2007 (repealing Legislative Decree No. 191/2005, which had implemented directive No. 2002/98/EC) provides for quality and safety standards for collection, testing, processing, storage and distribution of human plasma and its components, and sets out specific requirements for donor selection and donation testing. Such requirements apply regardless of the use for which the blood or human plasma is destined (transfusion or production of plasma-derived products), but do not apply to plasma collected abroad and destined for the production of plasma-derived products. This plasma has to comply only with the requirements laid down by European Pharmacopoeia and with the applicable EU directives.

Government monitoring

Article 139 of Legislative Decree No. 219/2006, as amended, empowers the Ministry of Health to subject pharmaceutical products derived from blood or human plasma to governmental control procedures ("batch release procedures").

Batches of plasma undergo control procedures at an OMCL in order to obtain the relevant authorisation for their market release. The OMCL that carries out such procedures issues a certificate of conformity/non-conformity within 60 days of receipt of the batches.

Governmental tests are not carried out by any EU authorities on pharmaceutical products that have undergone similar control procedures with health authorities in other Member States that are part of the network of Official Control Laboratories ("**OMCLs**"). In such cases, a copy of the original certificate of conformity ("batch release") is to be submitted to the AIFA by the relevant MA Holder prior to the sale of the relevant products.

U.S. Regulation

Regulatory Aspects of the Group's Operations

The FDA is responsible for protecting public health in the United States by assuring the safety, efficacy, quality, purity and potency of human drugs and biological products marketed and sold in the United States.

The Food, Drug and Cosmetic Act, as amended ("**FD&C Act**") is the principal legal framework in which the FDA operates, together for biological products with the Public Health Service Act. The FDA has adopted

implementing regulations for these laws. These laws and FDA's regulations extensively regulate, among other things, the research, development, testing, approval, manufacturing, labelling, post approval monitoring and reporting, packaging, promotion, storage, advertising, distribution, marketing and export and import of healthcare products such as those the Group collects, manufactures, sells and/or is currently developing. The process of obtaining regulatory approvals and the subsequent substantial compliance with appropriate federal, state, and local laws and regulations require the expenditure of substantial time and financial resources.

Procedures for Pharmaceutical Products in the United States

In the United States, pharmaceutical producers must submit an application to obtain authorisation of the pharmaceutical product prior to it being sold. The application must be accompanied by extensive data, other information and documents, including details on the applicant and the manufacturer (if different from the applicant), a description of the production method, applications of the product, a description of the testing methods employed, and results of pre-clinical and clinical studies (the "**registration dossier**"). The registration dossier is then submitted to the FDA for review and approval. In the case of non-biological innovator products, the registration dossier takes the form of a new drug application ("NDA"), and in the case of biological products including plasma-derived products a biologics license application ("BLA").

The steps for obtaining FDA approval of a BLA to market a biological product in the U.S. include:

- completion of preclinical laboratory tests, formulation studies, and animal studies conducted under the FDA's good laboratory practices regulations;
- submission to the FDA of an Investigational New Drug Application ("**IND**"), for human clinical testing, which must become effective before human clinical trials may begin, and which must include approval by an independent Institutional Review Board, which is referred to as an IRB, at each clinical site before the trials may be initiated;
- performance of adequate and well-controlled clinical trials in accordance with good clinical practices to establish the safety, efficacy, purity and potency of the product for each indication, typically conducted in phases of expanding scope;
- submission to the FDA of a BLA, which contains, *inter alia*, detailed information about the chemistry, manufacturing and controls for the product, reports of the outcomes and full data sets of the clinical trials and proposed labelling and packaging for the product;
- satisfactory review of the contents of the BLA by the FDA, including the satisfactory resolution of any questions raised during the review;
- completion of an FDA Advisory Committee review, if applicable;
- satisfactory completion of an FDA inspection of the manufacturing facility or facilities at which the product is produced to assess compliance with Good Manufacturing Practices ("**GMPs**") to assure that the facilities, methods and controls are adequate to ensure the product's identity, strength, quality, purity, and potency; and
- FDA approval of the BLA, including labelling, agreement on post-marketing commitments, if applicable, and agreement on a risk evaluation and mitigation strategy ("**REMS**"), if applicable.

According to the Prescription Drug User Fee Act, each BLA must be accompanied by a substantial user fee payment (unless related to orphan drugs or other special exceptions, in which case, the fee is waived), and the FDA has committed to assess the application for a decision about marketing authorisation within certain prescribed timelines. The FDA will initially review the BLA for completeness before it accepts the BLA for filing, and may refuse to accept the BLA for further review. Upon further review, the FDA may approve the application or issue a complete response letter noting deficiencies and/or other issues, including the need to

conduct further research. The FDA may not grant approval on a timely or commercially viable basis, or at all. For example, the FDA may limit the indications for use or place other conditions on any approvals that could restrict the commercial application of the products.

A marketing authorisation in the United States is valid until the applicant specifically requests withdrawal of the product from the market, or the FDA withdraws approval.

After approval, some types of changes to the approved product, such as adding new indications, manufacturing changes and additional labelling claims, are subject to further testing requirements and FDA review and approval. Pharmacovigilance

All applicants are responsible for establishing systems to monitor, review, and report adverse drug experiences. Each applicant having an approved NDA or BLA, shall promptly review all adverse drug experience information obtained or otherwise received by the applicant from any source, foreign or domestic, including information derived from commercial marketing experience, post-marketing clinical investigations, post-marketing epidemiological/surveillance studies, reports in scientific literature and unpublished scientific papers.

Any adverse drug experiences are required to be submitted as follows:

- *Post-marketing 15-day "Alert reports"* – The applicant shall report each adverse drug experience that is both serious and unexpected, whether foreign or domestic, as soon as possible, but in any case, no later than 15 calendar days after initial receipt of the information by the applicant.

- *Post-marketing 15-day "Alert reports" – Follow Up* – The applicant shall promptly investigate all adverse drug experiences that are the subject of these post-marketing 15-day Alert reports and shall submit follow-up reports within 15 calendar days of receipt of new information or as requested by the FDA.

- *Periodic adverse drug experience reports* – For the first three (3) years, the applicant shall submit quarterly adverse drug experience reports, which will include information on each adverse drug experience not reported as a 15-day Alert; thereafter, such periodic adverse drug experience reports are required to be reported at annual intervals.

Any person subject to the reporting requirements shall also develop written procedures for the surveillance, receipt, evaluation, and reporting of post-marketing adverse drug experiences to the FDA.

Promotional/Advertising, Medical & Scientific Information (Scientific Service)

The Group's advertising and promotion to U.S. audiences is subject to extensive requirements of the FDA, including the requirements to promote products only for their approved uses, and to include important safety information as fair balance to statements about the products' benefits. The Group's U.S. regulatory affairs department is involved in vetting the promotional/advertising material for its U.S.-approved products that is made available to physicians and consumers.

Medical and scientific information related to U.S.-approved products will follow the Group's corporate procedure for medical information.

Other Post-Approval Requirements. After regulatory approval of a product is obtained, the Group is required to comply with a number of other post-approval requirements. For example, as a condition of approval of a BLA, the FDA may require post-marketing testing and surveillance to monitor the product's safety or efficacy. In addition, holders of an approved BLA are required to keep extensive records, to report certain production problems to the FDA, and to provide updated safety and efficacy information for their products. Also, quality control and manufacturing procedures must continue to conform to GMPs, as well as the manufacturing conditions of approval set forth in the BLA. The FDA periodically inspects manufacturing facilities to assess compliance with GMPs, which imposes certain procedural, substantive and recordkeeping requirements. Accordingly,

manufacturers must continue to expend time, money and effort in the area of production and quality control to maintain compliance with GMPs and other aspects of regulatory compliance.

Our Relationships with the United States Food and Drug Administration

The Group's regulatory affairs department maintains the Group's relationship with the FDA through direct contact.

The Group's regulatory affairs department is also responsible for preparing the documentation required for U.S. applications, as well as monitoring any legal amendments in the law that may affect the Group's operations. The Group's regulatory affairs department also provides support to its: (i) research and development department in connection with the development of new products; (ii) scientific department during the start-up of clinical trials; (iii) marketing and sales department with pricing activities and compliance; and (iv) production head office in submitting requests to obtain or amend product authorisations.

Plasma Collection. The FDA requires a licensing and certification process for each plasma collection centre prior to opening and conducts periodic inspections of facilities and processes. Many states also regulate plasma collection, imposing similar obligations and additional inspections and audits. Collection centres are subject to periodic inspections by regulatory authorities, which, if noncompliance is alleged, may result in fines, citations, the temporary closing of the centres, loss or suspension of licenses, and/or recall of finished products.

Anti-Fraud and Anti-Abuse Regulations. Since the Group supplies products and services that are reimbursed by US federal health care programs such as Medicare and Medicaid, the Group's activities are also subject to regulation by the Centers for Medicare and Medicaid Services ("CMS") and enforcement by the Office of Inspector General (OIG) within the US Department of Health and Human Services ("**HHS**"). A provision of the US Social Security Act known as the "Anti-Kickback Law" prohibits providers and others from directly or indirectly soliciting, receiving, offering or paying any remuneration with the intent of generating referrals or orders for services or items covered by a federal health care program. Many states have similar laws.

The federal False Claims Act ("**FCA**") is violated by any entity that "presents or causes to be presented" knowingly false claims for payment to the federal government. In addition, the recently enacted healthcare reform law amended the FCA to create a cause of action against any person who knowingly makes a false statement material to an obligation to pay money to the government, or knowingly conceals or improperly decreases an obligation to pay or transmit money or property to the government. For the purposes of these recent amendments, an "obligation" includes an overpayment, which is defined broadly to include "any funds that a person receives or retains under Medicare and Medicaid to which the person, after applicable reconciliation, is not entitled…". The FCA is commonly used to sue those who submit allegedly false Medicare or Medicaid claims, as well as those who induce or assist others to submit a false claim. Many states have enacted similar laws that also apply to claims submitted to commercial insurance companies. Recently, a series of judicial rulings has expanded the use of the FCA to cases where reimbursement is sought for drugs that are manufactured or marketed in violation of the FD&C Act or other laws."

Under the Sunshine Act provisions of the health reform law, pharmaceutical manufacturers are subject to new federal reporting and disclosure requirements with regard to payments or other transfers of value made to physicians and teaching hospitals. Annual reports submitted under these new requirements will be placed on a public database. Pharmaceutical manufacturers were required to begin collecting data on August 1, 2013, and will be required to submit aggregate information to CMS by March 31, 2014, and detailed payment information shortly thereafter. Similarly, pharmaceutical manufacturers are required to annually report samples of prescription drugs requested by and distributed to healthcare providers. The law does not state whether these disclosures will be made publicly available, and FDA has not provided any additional guidance as to how the data will be used. Several states also have analogous transparency requirements in place. In addition, some states have imposed other limitations on states and marketing activities with respect to health care professionals licensed in the state.

Pharmaceutical Pricing and Reimbursement

In the US, sales of any products for which the Group receives regulatory approval for commercial sale will depend in part on the availability of reimbursement from third-party payers. Third-party payers include government health programs, managed care providers, private health insurers and other organisations. These third-party payers are increasingly challenging the price and examining the cost-effectiveness of medical products and services. In addition, significant uncertainty exists as to the reimbursement status of newly approved healthcare products. The Group's products may not be considered cost-effective. Adequate third-party reimbursement may not be available to enable us to maintain price levels sufficient to realise an appropriate return on its investment in product development.

In the US, the Group's products are reimbursed or purchased under several government programs, including Medicaid, Medicare Parts B and D, the 340B/Public Health Service ("**PHS**") program and pursuant to the Group's contract with the Department of Veterans Affairs. Medicaid is a joint state and federal government health care program that provides coverage for medical products and services, including covered outpatient prescription drugs, for low-income individuals. Under Medicaid, drug manufacturers pay rebates to the states based on utilisation data provided by the states. The rebate amount for branded drugs is currently equal to a minimum of 23.1 per cent. of the Average Manufacturer Price ("**AMP**"), or AMP less Best Price ("**BP**"), whichever is greater. Certain drugs are subject to lower minimum rebate amounts; for example, certain clotting factors are subject to a minimum rebate of 17.1 per cent. These rebate percentages represent an increase over the rebate percentages that were in effect prior to the enactment of the healthcare reform law in 2010. In 2010, the healthcare reform law also newly extended this rebate obligation to prescription drugs covered by Medicaid managed care organisations. In addition, the statutory definition of AMP changed in 2010 as a result of the new healthcare reform law and, in November 2010, CMS withdrew previously issued regulations defining this critical pricing term, and has not yet issued new regulations. The Group is making reasonable assumptions regarding its reporting obligations with respect to this new definition, but the adequacy of the Group's assumptions is not certain.

Medicare Part B reimburses providers for drugs provided in the outpatient setting based upon Average Sales Price ("**ASP**"). While the current reimbursement rate for separately reimbursed Part B drugs in the hospital outpatient setting is ASP +6 per cent., the reimbursement rate has been set as low as ASP +4 per cent., in recent years, and there can be no guarantee that the rate will not fall again, possibly below ASP +4 per cent. In addition, because of across-the-board cuts required by sequestration, the nominal ASP +6 per cent. is effectively a reimbursement rate of ASP +4.3 per cent. Further, CMS has bundled reimbursement for certain Part B drugs in the reimbursement for the procedure and has indicated a desire to eliminate separate reimbursement for a broader scope of Part B drugs in the future. The proposed decrease in reimbursement rates could restrict access to the Group's products.

Medicare Part D is a voluntary prescription drug benefit created by the federal government primarily for persons 65 years old and over. The Part D drug program is administered through private insurers that contract with CMS. Government payment for some of the costs of prescription drugs may increase demand for any products for which the Group receives marketing approval. However, to obtain payments under this program, the Group is required to negotiate prices with private insurers operating pursuant to federal program guidance. These prices may be lower than the Group might otherwise obtain. In addition, beginning in 2011, as a result of the healthcare reform law, in order for a drug manufacturer's products to be reimbursed under Medicare Part D, the manufacturer must enter into a Medicare Coverage Gap Discount Program agreement with the Secretary of the US Department of Health and Human Services, and reimburse each Medicare Part D plan sponsor an amount equal to 50 per cent. of the negotiated price for the manufacturer's brand name drugs and biologics which the Part D plan sponsor has provided to its Medicare Part D beneficiaries who are in the "donut hole" (or a gap in Medicare Part D coverage for beneficiaries who have expended certain amounts for drugs).

Some payers, including Medicare Part D plans, some state Medicaid programs, and many private health insurers and self-insured health plans, reimburse providers for drugs based upon a discount off of the Average Wholesale Price ("**AWP**"). AWP is a list price determined by third-party publishers, which does not reflect actual transactions in the distribution chain. The Group does not publish an AWP for any of the Group's products. The Group may be at a competitive disadvantage where providers are reimbursed on an AWP basis and competitors' products are reimbursed at higher rates than their corresponding products.

The availability of federal funds to pay for the Group's products under the Medicaid and Medicare Part B programs requires that the Group extend discounts under the 340B/PHS drug pricing program. The 340B drug pricing program extends discounts to a variety of community health clinics, disproportionate share hospitals and other specified entities that are identified in Section 340B of the Public Health Service Act. The PHS price (also known as the "ceiling price") cannot exceed the AMP (as reported to CMS under the Medicaid drug rebate program) less the Medicaid unit rebate amount. The Group has entered into a PPA with the government in which the Group agrees to participate in the 340B/PHS program by charging eligible entities no more than the PHS ceiling price for drugs intended for outpatient use. The healthcare reform law expands the number of qualified 340B entities eligible to purchase the products for outpatient use. The healthcare reform law also imposes a "must sell" obligation on manufacturers that will require manufacturers to offer their products to eligible entities at legally mandated discount prices if such products are "made available to any other purchaser at any other price". Additional regulatory and legislative changes to the 340B program have been proposed, though it is too early to determine which changes will be adopted, or what their impact will be.

The Group makes its products available for purchase by authorised government users of the Federal Supply Schedule ("**FSS**"), pursuant to their FSS contracts with the Department of Veterans Affairs which makes it subject to certain Federal Acquisition Regulation ("FAR") requirements applicable to commercial contractors with the U.S. Government. In addition, under the Veterans Health Care Act of 1992, which is referred to as the VHC Act, the companies are required to offer discounted FSS contract pricing to four Federal agencies — the Department of Veterans Affairs, the Department of Defense, the Coast Guard and the Public Health Service (including the Indian Health Service) — for federal funding to be made available for reimbursement of any of the Group's products under the Medicaid program and for the Group's products to be eligible to be purchased by those four federal agencies. FSS pricing to those four federal agencies must be equal to or less than the "Federal Ceiling Price", which is, at a minimum, 24 per cent. off the Non-Federal Average Manufacturer Price, which is referred to as "Non-FAMP", for the prior fiscal year.

The United States healthcare reform law imposes an annual fee on manufacturers and importers of branded drugs and biologics based on their sales to US government health programs. An aggregate fee of $3.0 billion will be imposed on all covered entities for 2014. The aggregate fee will be allocated among applicable manufacturers and importers, based on their relative sales to specified federal health care programs. The aggregate fee will increase to $4.1 billion for 2018 and is scheduled to be reduced to $2.8 billion for 2019.

The marketability of any products for which the Group receives regulatory approval for commercial sale may suffer if the government and third-party payers fail to provide adequate coverage and reimbursement. Federal, state and local governments in the United States have enacted and continue to consider additional legislation to limit the growth of healthcare costs, including the cost of prescription drugs. Existing and future legislation could limit payments for biologics such as the drug candidates that the Group is developing, including possibly permitting the federal government to negotiate prices directly with manufacturers. In addition, an increasing emphasis on managed care in the US has increased and will continue to increase the pressure on pharmaceutical pricing.

Authorisations

The table that follows shows the authorisations by virtue of which the Group carries out its activities in Italy.

Order	Subject
Ministerial Decree dated 20 October 2005	
"Identification of plasma derivatives production facilities authorised to enter into agreements with regional centres for the coordination and remuneration of national plasma processing collected in Italy"	Authorisation to enter into agreements with the Italian regional authorities for the processing of national plasma collected in Italy
AIFA (the Italian Drug Agency, *Agenzia Italiana del Farmaco*) authorisation (*Determinazione Dirigenziale*) No. aM-122/2012 dated 17 September 2012	Production authorisation for the plant in Bolognana—Gallicano, near Lucca, and its secondary unit located in Castelvecchio Pascoli, via G. Pascoli, 8—Barga, near Lucca, to produce certain pharmaceutical specialties
AIFA authorisation (*Determinazione Dirigenziale*) No. aM-34/2013 dated 14 February 2013	Production authorisation for the plant in Sant'Antimo

In addition, the Group holds Marketing Authorisations for all its products either in its own name or through its local distributors in the jurisdictions where the law requires that the relevant Marketing Authorisations be issued to local entities. The authorisations required to produce its products are subject to renewal (except with respect to the U.S.). The Group's production facilities are subject to inspection at any time by the relevant authorities who will verify that they comply with the applicable GMP. If the inspections have a positive outcome, the relevant authorities should issue a certificate of compliance. If the inspections reveal noncompliance with GMP so as to constitute a public health risk, the authorisations to produce its products could be suspended or revoked, and its production facilities may be shut down temporarily or permanently.

Environmental Issues

The Group's sites and its operations are subject to Italian, U.S., Mexican and EU environmental and work safety regulations. These regulations govern, among other things, work safety conditions, the release of pollutants into the air, water and ground, as well as the use, storage and disposal of hazardous substances. As of the date of this Prospectus, the Issuer's management believes that it is in material compliance with all applicable environmental regulations, and the Group has the regulatory authorisations to carry out its operations. In addition, as of the date of this Prospectus, the Group knows of no existing environmental problems that could affect the use of its tangible assets.

Litigation

The Group is occasionally involved in civil, administrative, tax and other disputes, litigation, arbitration and other proceedings in the ordinary course of business. The Issuer's management believes that provisions made in the Group's balance sheet for such proceedings, which amounted to €0.33 million as at 31 December 2012 and to €0.82 million as at 31 December 2013, are adequate, under the circumstances, to cover all potential risks and damages that may arise from any such proceedings and that there are no other material legal or arbitration proceedings pending against Kedrion or against any other company in the Kedrion Group.

Proceedings relating to the Bolognana facility

The acquisition by Kedrion Italy (which was made through a contribution in kind by the original owner) of the Bolognana facility was challenged by Mr. Pampana, a creditor of the former owner (the "**Creditor**"), who claimed, in separate proceedings, damages for €18.0 million against the former owner.

As a consequence of the challenge, the transfer of the Bolognana facility from its former owner to Kedrion Italy has been declared ineffective *vis-à-vis* such former owner under Article 2901 of the Italian Civil Code pursuant to

a decision of the Tribunal of Pisa. An appeal was lodged by Kedrion Italy and the former owner against such decision and the relevant proceedings are now pending before the Court of Appeal of Florence (*Corte d'Appello di Firenze*).

In the parallel proceedings for the determination of the amount of damages against the former owner, the Creditor was awarded approximately €1 million by the Court of Appeal of Florence. The Italian Supreme Court, if an application is made by the Creditor and/or the former owner, may in turn confirm the decision of the Court of Appeal of Florence, reducing the amount awarded or awarding an amount of up to Euro 18 million.

If both the above proceedings are finally ruled in favour of the Creditor, and the former owner is unable to pay the amount awarded, the Creditor would be entitled to commence enforcement proceedings against the Bolognana facility. However, even in this case, Kedrion Italy may avoid such consequences by paying the Creditor the amount awarded.

Management

Board of Directors

The current members of the Board of Directors were appointed for three-year terms by a resolution passed at the Issuer's annual shareholders' meeting held on 1 August 2013, and the following table shows their names, positions and principal activities outside the Issuer.

Name	Position with Issuer	Principal activities outside the Issuer
Marcucci Paolo	Chairman and CEO	Chairman of the Board of Directors and CEO of Kedrion S.p.A. Chairman of the Board of Directors and CEO of Kedrion Melville Inc. CEO of Kedrion Biopharma Inc. Chairman of the Supervisory Board of Human BioPlazma Kft.
De Dominicis Rodolfo	Director	Vice President of the Board of Directors and Member of the Remuneration Committee of Kedrion S.p.A. Sole Director of SIS Gestioni S.r.l. Con Socio Unico Director of U.Ce. – Uirnet Centro S.r.l. Chairman of the Board of Directors of U.N.E. – Uirnet Nord Est S.r.l. Managing Director of U.N.O. – Uirnet Nord Ovest S.r.l. Director of U. Sud – Uirnet Sud S.r.l. Managing Director of Uirnet S.p.A.
Grassi Remo	Director	Director and Member of the Remuneration Committee of Kedrion S.p.A. Managing Director of Sestant S.p.A. Chairman of the Board of Directors of Il Ciocco S.p.A. Sole Director of AT.IM. S.r.l. Sole Director of Refin S.r.l.
Marcucci Andrea	Director	Director of Kedrion S.p.A. Director of Kedrion Melville Inc. Director of Somerset Laboratories Incorporated Chairman of the Board of Directors and Chief Executive Officer of Haemopharm Inc. Member of the Management Committee and Chief Executive Officer of Kedplasma LLC Chairman of the Supervisory Board of Kedplasma GmbH Managing Director of Sestant S.p.A. Director of Il Ciocco S.p.A. Director of Maggio RE S.r.l. – Unipersonale Director of Shaner Ciocco S.r.l.
Marcucci Maria Lina	Director	Director of Kedrion S.p.A. Director of Kedrion Biopharma Inc. Chairman of the Board of Directors of Sestant S.p.A. Director of Il Ciocco S.p.A. Chairman of the Board of Directors of Maggio RE S.r.l. – Unipersonale Director of Noi Tv S.r.l. Sole Director of Sestant Internazionale S.p.A. Director of Shaner Ciocco S.r.l. Chairman of the Board of Directors of Ai Piani S.r.l. Chairman of the Board of Directors of Associazione Robert F. Kennedy Foundation Of

Name	Position with Issuer	Principal activities outside the Issuer
		Europe – Onlus Sole Director of Futura Mediterranea S.r.l.
Rivolta Guido	Director	Director and Chairman of the Remuneration Committee of Kedrion S.p.A. Director of Ansaldo Energia S.p.A. Chairman of the Board of Directors of Valvitalia S.p.A. Director of Kedrion Biopharma Inc. Director of Kedrion Melville Inc.
Ravanne Barnaba	Director	Director of Ansaldo Energia S.p.A. Director of Metroweb Italia S.p.A. Director of Metroweb S.p.A. Director of Kedrion S.p.A.

The appointments of the current members of the Board of Directors will expire at the shareholders' meeting at which the Issuer's 2015 annual financial statements are approved.

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

Board of Statutory Auditors

The current members of the Board of Statutory Auditors were appointed for three-year terms by a resolution passed at the Issuer's annual shareholders' meeting held on 5 July 2012, and the following table shows their names, positions and principal activities outside the Issuer.

Name	Position with Issuer	Principal activities outside the Issuer
Redaelli Fabrizio	Chairman and Statutory Auditor	Chairman of the Board of Statutory Auditors of Kedrion S.p.A. Director of Damiani S.p.A. Chairman of the Board of Directors of Screen Service Broadcasting Technologies S.p.A. (S.S.B.T. S.p.A.) Member of the Board of Statutory Auditors of Caleffi S.p.A. Chairman of the Board of Statutory Auditors of Eagle Pictures S.p.A. Chairman of the Board of Statutory Auditors of Prima Tv S.p.A. Member of the Board of Statutory Auditors of The Walt Disney Company Italia S.r.l. Member of the Board of Statutory Auditors of Tod's S.p.A.
Cirillo Francesco	Statutory Auditor	Member of the Board of Statutory Auditors of Kedrion S.p.A. Member of the Board of Statutory Auditors of Fratelli D'Amato S.p.A. Chairman of the Board of Statutory Auditors of Colonial Sud S.p.A. Member of the Board of Statutory Auditors of Dolphin Tanker S.r.l. Sole Auditor of LSM S.r.l. Chairman of the Board of Statutory Auditors of Sestant S.p.A.
Miccinesi Marco	Statutory Auditor	Member of the Board of Statutory Auditors of Kedrion S.p.A. Member of the Supervisory Board of A2A S.p.A. Director of Banca Monte Dei Paschi Di Siena S.p.A. Chairman of the Board of Directors of Bi Elle Finanziaria S.p.A. Director of Bidachem S.p.A. Director of Boehringer Ingelheim Italia S.p.A. Chairman of the Board of Directors of Bonaldi S.p.A. Chairman of the Board of Directors of Bonaldi Motori S.p.A. Chairman of the Board of Directors of Bonaldi Tech S.p.A. Chairman of the Board of Directors of Casa Di Cura Eretenia S.p.A. Chairman of the Board of Directors of Comfortauto S.r.l. Chairman of the Board of Directors of Lorenzo Bonaldi S.r.l. Director of M.T. – Manifattura Tabacchi S.p.A. Chairman of the Board of Directors of MPD – S.r.l. Chairman of the Board of Statutory Auditors of Accelera S.r.l. Chairman of the Board of Statutory Auditors of Clinical Organisation For Strategies & Solutions S.r.l. Chairman of the Board of Statutory Auditors of Nerpharma S.r.l. Chairman of the Board of Statutory Auditors of Nerviano Medical Sciences S.r.l. Member of the Board of Statutory Auditors of NMS Group S.r.l. Chairman of the Board of Statutory Auditors of Simis S.r.l.

Name	Position with Issuer	Principal activities outside the Issuer
		Chairman of the Board of Statutory Auditors of UP S.r.l. Chairman of the Board of Statutory Auditors of Fondazione Regionale per la Ricerca Biomedica
Castiglioni Monica Antonia	Alternate Auditor	Member of the Board of Statutory Auditors of Duplomatic Oleodinamica S.p.A. Member of the Board of Statutory Auditors of Eutron S.p.A. Chairman of the Board of Statutory Auditors of Gens Aurea S.p.A. Chairman of the Board of Statutory Auditors of Handle Italia S.r.l. Member of the Board of Statutory Auditors of Infa Group S.p.A. Member of the Board of Statutory Auditors of Laboratorio Chimico Internazionale S.p.A. Member of the Board of Statutory Auditors of Sifavitor S.r.l. Member of the Board of Statutory Auditors of Società Di Servizi Comprensoriali E Di Sviluppo Immobiliare – Se.Co.Sv.Im. S.r.l.
Cesaretti Gino	Alternate Auditor	Member of the Board of Statutory Auditors of Sestant S.p.A. Member of the Board of Statutory Auditors of Sestant Internazionale S.p.A. Member of the Board of Statutory Auditors of Il Ciocco S.p.A. Member of the Board of Statutory Auditors of Noi Tv S.r.l. Chairman of the Board of Statutory Auditors of Idrotherm 2000 S.r.l. Chairman of the Board of Statutory Auditors of A. Celli Nonwovens S.p.A. Member of the Board of Statutory Auditors of A.Celli Paper S.p.A. Member of the Board of Statutory Auditors of Aeroporto di Capannori S.p.A. Chairman of the Board of Statutory Auditors of Antica Valserchio S.r.l. Chairman of the Board of Statutory Auditors of Nodalis S.p.A.

The appointments of the current members of the Board of Statutory Auditors will expire at the shareholders' meeting at which the Issuer's 2014 annual financial statements are approved.

The business address of each of the members of the Board of Statutory Auditors is the Issuer's registered office.

Conflicts of interest

So far as the Issuer is aware, there are no potential conflicts of interest between any duties of the members of the Board of Directors and the Board of Statutory Auditors and their private interests.

Share Capital and Shareholders

As of 31 December, 2013, the Issuer had an authorised share capital of €90,500,000.00, of which €86,060,000.00 has been issued and paid up, represented by 86,060,000 ordinary shares in categories A, B and C of €1.00 each.

The table below sets out the shareholders of the Issuer, as of 31 December, 2013, including each shareholder's approximate percentage shareholding (disregarding, for these purposes, the 10,693,878 treasury shares, corresponding to approximately 12.43 per cent. of the Issuer's share capital, that are owned by the Issuer):

Name	No. of ordinary shares	Percentage of ordinary shares (***)	Percentage of voting share capital
Fondo Strategico Italiano S.p.A.(*)	20,000,000	23.24	26.54
Sestant Internazionale S.p.A.(**)	55,366,122	64.33	73.46

(*) As of 31 December, 2013, holds Category C shares.

(**) As of 31 December, 2013, holds 26,200,000 shares of Category A, which are pledged to Natixis and Banca IMI, and 29,166,122 shares of Category B.

(***) As of 31 December, 2013, the total number of ordinary shares equals 86,060,000, including the 10,693,878 treasury shares, of which 75,366,122 are held by the two shareholders.

The Issuer's largest shareholder, Sestant Internazionale S.p.A., is a joint-stock company (*società per azioni*) incorporated under the laws of Italy on 31 May 2013 and registered at the Companies' Registry (*Registro delle Imprese*) of Rome under registration number 12425981003. A large majority of the Issuer's share capital is owned, directly or indirectly, by members of the Marcucci Family Shareholders (as defined in the Terms and Conditions of the Notes).

The Issuer's minority shareholder, FSI, is a joint-stock company (*società per azioni*) incorporated under the laws of Italy on 2 August 2011, registered at the Companies' Registry (*Registro delle Imprese*) of Milan under registration number 07532930968. FSI is subject to the direction and coordination (*direzione e coordinamento*) of Cassa Depositi e Prestiti S.p.A. ("**CDP**"). 80 per cent. of FSI's share capital is owned by the CDP group (of which 77.7 per cent. is held through CDP and 2.3 per cent through Fintecna S.pA.). CDP, which is controlled by the Italian Ministry of Economy and Finance, is active in supporting the economic and infrastructural development of Italy. The Bank of Italy is FSI's minority shareholder, with a shareholding of 20 per cent. FSI operates through the acquisition mainly of minority holdings in companies of significant national interest that are economically and financially stable and present adequate income-earning and growth prospects.

Shareholders' Agreement

On 28 May 2012 the Issuer, FSI, Sestant S.p.A. and Investitori Associati SGR S.p.A. ("**IA**") entered into an investment agreement (the "**Original Investment Agreement**") in connection with an investment by FSI in the Kedrion Group consisting of (i) an equity contribution of €75 million by FSI to the Issuer and (ii) a loan convertible into shares made available by FSI to the Issuer up to an amount of €75 million (such loan convertible into shares was terminated on 1 August 2013 and replaced by a new loan convertible into shares made available by FSI to the Issuer up to an amount of €50 million). See "- *Material Financing Agreements*". On 1 August 2013, in connection with IA's sale of its equity interest in the Issuer to Sestant Internazionale S.p.A., the Issuer and the Issuer's then existing shareholders (*i.e.* Sestant S.p.A., Sestant Internazionale S.p.A. and FSI) entered into an addendum that partially replaced and superseded the Original Investment Agreement (the Original Investment Agreement, as amended and supplemented by the addendum, hereinafter referred to as the "**Investment Agreement**"). The Investment Agreement will expire on the earlier of 4 July 2017 or the date on which the shares of the Issuer become publicly traded.

Below is a summary of the principal provisions of the Investment Agreement that pertain to the corporate governance of the Issuer, Kedrion Italy and Kedrion Melville (together, the "**Companies**"):

- *Board Appointment/Removal* - FSI has the power to appoint (and remove) two (2) members of the Companies' respective boards of directors (whose composition may vary between seven (7) and nine (9) members). FSI also has the power to appoint a member of the board of statutory auditors;

- *Board Meetings* - FSI has veto powers over certain matters (including, *inter alia*, any transactions with related parties, any transfers of equity interests or the adoption of any business plans), while other matters require approval by the majority of the board of directors, *provided that* a non-favourable vote by FSI would require the involvement of a third party expert.

- *Shareholders' Resolutions* - FSI has veto powers over certain matters (including, *inter alia*, non-proportional capital increases, liquidation, changes in the corporate object, amendments to the by-laws, merger or demerger);

- *Share Transfers* – three (3)-year customary lock-up period, rights of first refusal, tag-along rights, and earn-outs, with respect to the Issuer's shares (other provisions, such as drag-along rights, are provided in the Issuer's by-laws).

- *Public Equity Offering* – the parties thereto (including FSI) have the right to request the Issuer to undertake a public offering of its shares. However, in accordance with the Shareholders' Financing Agreement, should the Issuer proceed to list its shares publicly, FSI may exercise its option for the immediate repayment of the loan disbursed thereunder. See "*Material Financing Agreements—Shareholders' Financing Agreement*".

Dividend Policy

The Issuer's by-laws currently require a mandatory distribution of 30 per cent of its net income, unless the Issuer has contractual obligations which vary the distribution. Under the Investment Agreement, distribution of

dividends in excess of the above threshold (if any) needs to be approved by an absolute majority of the Board of Directors of the Issuer, including at least one vote by the member appointed by FSI.

Capital Expenditures

The following table sets out the Group's actual capital expenditures for the years ended 31 December 2012 and 31 December 2013 (excluding M&A), by facility.

	Kedrion S.p.A. 31 December 2012	**Kedrion Group S.p.A. 31 December 2012**	**Kedrion Group S.p.A. 31 December 2013**
		(in millions of Euro)	
Bolognana	4.5	4.5	4.0
S. Antimo	2.0	2.0	2.2
Gödöllő	4.2	4.2	4.3
Melville	—	—	2.8
Castelvecchio Pascoli	—	—	2.5
Plasma Collection centres	0.7	0.7	1.1
Others	3.2	3.2	3.0
Total	**14.6**	**14.6**	**19.9**

The Group's 2014-2016 Business Plan includes the following approved planned capital expenditures:

- increase plasma sourcing at new wholly-owned collection centres in order to balance the Group's use of its own plasma and third-party plasma;
- increase fractionation capacity in Italy and U.S. to support revenue growth; and
- insource core production processing, mainly for the Group's NGIG 10 per cent. and RhoGAM product lines.

Furthermore, in the next three (3) to five (5) years, the Company's strategic goals include (i) doubling the total volume of plasma collected at all of its wholly-owned collection centres by, *inter alia*, doubling the number of wholly-owned collection centres and (ii) increasing its fractionation capacity to 4 million litres per year.

Recent Developments

On 28 March 2014, the Issuer executed a letter of intent with Natixis S.A., Milan Branch and Cassa di Risparmio di Pistoia e della Lucchesia S.p.A., a company belonging to the Intesa Sanpaolo banking group of which Banca IMI S.p.A. is also a member, in relation to a proposed revolving credit facility of up to €30 million (the "**Facility**"). The Facility is intended to provide the Group with additional liquidity and will, if and when a final agreement is reached, rank *pari passu* with the Notes.

TAXATION

Italian Tax Treatment of the Notes

The following is a general description of certain Italian tax considerations relating to the purchase, the ownership and the disposal of the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes and does not discuss every aspect of Italian taxation that may be relevant to a holder of the Notes especially if such holder is subject to special circumstances or if such holder is subject to special treatment under applicable law. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

This summary is based upon Italian tax laws and practice in effect as at the date of this Prospectus, which may be subject to change, potentially with retroactive effect. For Noteholders who are not resident in Italy for tax purposes, applicable tax treaties may reduce or nullify the Italian withholding tax rates or "substitute tax" ("imposta sostitutiva") set out below.

The Decree No. 239/1996 regulates 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**") from certain bond and similar securities issued, *inter alia*, by Italian resident stock companies whose shares are not listed in a regulated market or multilateral trading facility situated or operating in an EU country or in a white list country of the European Economic Area, *provided that* the bonds or similar securities are listed upon their issuance and traded on the aforementioned regulated markets or trading facilities. The provisions of Decree No. 239/1996 apply to Notes issued by the Issuer that qualify as *obbligazioni* (bonds) or *titoli similari alle obbligazioni* (securities similar to bonds) pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented ("**Decree No. 917/1986**"), and that are admitted to listing upon their issuance and traded on one of the above-mentioned regulated markets or trading facilities. 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, 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.

Taxation of Interest

Italian resident Noteholders

Pursuant to Decree No. 239/1996, as amended:

(a) payments of Interest are subject to a final *imposta sostitutiva* at the rate of 20 per cent. if made to beneficial owners who are: (i) individuals resident in Italy for tax purposes not holding the Notes in connection with entrepreneurial activities; (ii) Italian resident partnerships (other than *società in nome collettivo*, *società in accomandita semplice* or similar partnerships), *de facto* partnerships not carrying out commercial activities and professional associations; (iii) Italian resident public and private entities, other than companies, not carrying out commercial activities; and (iv) investors exempt from Italian corporate income taxation (in each case, unless the Noteholder has entrusted the management of their financial assets, including the Notes, to an authorised intermediary and has opted for the *Risparmio Gestito* regime according to Article 7 of Legislative Decree No. 461 of 21 November 1997 (see "*Capital gains*" below)).

In the event that the Noteholders described under (i) and (iii) above are engaged in entrepreneurial activities 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;

(b) payments of Interest in respect of Notes are not subject to *imposta sostitutiva* if made to beneficial owners that are: (i) Italian resident corporations or permanent establishments in Italy of non-resident entities to which the Notes are effectively connected; (ii) Italian resident collective investment funds, Italian resident pension funds and Italian resident real estate investment funds; (iii) Italian resident partnerships carrying out commercial activities (*società in nome collettivo* or *società in accomandita semplice*); or (iv) Italian resident Noteholders not holding the Notes in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an Italian authorised financial intermediary and have opted for the *Risparmio Gestito* regime.

To ensure that payment of Interest in respect of Notes is made without the application of the *imposta sostitutiva*, investors indicated in sub-paragraph (b) above must (i) be the beneficial owners of Interest payments; and (ii) deposit the Notes and the relevant coupons (if any) in due time directly or indirectly with an Italian authorised financial intermediary or a permanent establishment in Italy of a foreign intermediary (hereinafter referred to as the "**Intermediary**" and, collectively, the "**Intermediaries**").

Interest accrued on the Notes is included in the corporate taxable income (and in certain circumstances, depending on the "status" of the Noteholders, also in the net value of production for the purposes of regional tax on productive activities – IRAP) of beneficial owners who are Italian resident corporations or Italian permanent establishments of foreign entities to which the Notes are effectively connected, subject to taxation according to the ordinary rules and at the ordinary rates.

As clarified by the Italian Revenue Agency through the Resolution No. 43/E dated 2 July 2013, Italian resident collective investment funds or SICAV, established in Italy and subject (or whose manager is subject) to the supervision of a regulatory authority (respectively, the "**Funds**" and the SICAV), would not be subject to *imposta sostitutiva provided that* the Notes and the relevant coupons (if any) are deposited in a proper and timely manner directly or indirectly with an Intermediary. In such case, Interest is included in the annual net accrued result of the Fund or SICAV and would not be taxable at Fund or SICAV level, but may be subject to a withholding tax of 20 per cent. upon distribution to the unitholders (final or on account depending on the status of the unitholder).

Italian pension funds subject to the regime provided by Article 17 of Legislative Decree No. 252 of 5 December 2005 (the "**Pension Funds**") are generally subject to an 11 per cent. substitute tax on their annual net accrued result. To the extent that the Notes and the relevant coupons (if any) are deposited in a proper and timely manner directly or indirectly with an Intermediary, Interest on Notes is not subject to *imposta sostitutiva* but is included in the calculation of said annual net accrued result.

Where a Noteholder is an Italian resident real estate investment fund to which the provisions of Law Decree No. 351 of 25 September 2001, as subsequently amended, apply, as clarified by the Italian Revenue Agency in Circular No. 47/E dated 8 August 2003, No. 2/E dated 15 February 2012 and 11/E of 28 March 2012, Interest accrued on the Notes is subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-bis of Law No. 86 of 25 January 1994 (the "**Real Estate Fund**"), to the extent that the Notes and the relevant Coupons (if any) are deposited in a proper and timely manner directly or indirectly with an Intermediary. However, a withholding or a substitute tax at a rate of 20 per cent. will instead apply, in certain circumstances, to income realised by unitholders or shareholders in the event of distribution, redemption or sale of the units or shares. Subject to certain conditions, income realised by the Real Estate Fund is attributed to the investors irrespective of its actual distribution and in proportion to the percentage of ownership of units on a tax transparency basis.

Non-Italian resident Noteholders

Interest in respect of Notes paid to non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected, are not subject to *imposta sostitutiva*, *provided that*:

(a) such beneficial owners are resident, for tax purposes, in white-listed States or territories allowing for adequate exchange of information with Italy (including States and territories listed by Italian Ministerial Decree dated 4 September 1996, as amended from time to time). According to Law No. 244 of 24 December 2007, a decree still to be issued is proposed to introduce a new "white list" replacing the current one. Until the mentioned new "white list" is issued, those countries which are listed in the Ministerial Decree 4 September 1996 as amended from time to time are deemed "white listed countries"; and

(b) all the requirements and procedures set forth in Decree No. 239/1996 and in its implementation rules in order to benefit from the exemption from *imposta sostitutiva* are met and complied with in due time.

Decree No. 239/1996 also provides for additional exemptions from *imposta sostitutiva* on Interest paid to (i) international bodies or entities set up in accordance with international agreements which have entered into force in Italy; (ii) institutional investors, whether or not subject to tax, established in a State or territory allowing for an adequate exchange of information with Italy; and (iii) Central Banks or other entities managing, *inter alia*, the official reserves of a foreign State.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of interest, premium or other income and (i) deposit, directly or indirectly, the Notes with (a) a resident bank or SIM, or a permanent establishment in Italy of a non-Italian resident bank or SIM; (b) a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economics and Finance; (c) a non-resident entity or company which has an account with a centralised clearance and settlement system (such as Euroclear or Clearstream, Luxembourg) which has a direct relationship with the Italian Ministry of Economy and Finance; or (d) a centralised managing company of financial instruments, authorised in accordance with Article 80 of Legislative Decree No. 58 of 24 February 1998 (the Financial Services Act); (ii) file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001. The banks or brokers mentioned above must also receive all necessary information to identify the non-resident beneficial owner of the deposited debt securities, and all necessary information in order to determine the amount of interest that such beneficial owner is entitled to receive. Additional declarations may be required from Noteholders that are institutional investors.

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

Capital gains

Italian resident Noteholders

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

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

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

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

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the *risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries, and (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

Any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so-called *Risparmio Gestito* regime, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year-end, subject to a 20 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *Risparmio Gestito* regime, any depreciation of the managed assets accrued at year-end may be carried forward against an increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *Risparmio Gestito* regime, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Capital gains realised by a Noteholder who is a Real Estate Fund are subject neither to substitute tax nor to any other income tax at the level of the fund. However, depending on the status of the investor and his sharing ratio, income realised by the Real Estate Fund may be subject to a withholding tax at a rate of 20 per cent. in the event of distributions, redemption or sale of the units or shares, or directly attributed to the investor irrespective of its actual distribution and in proportion to the percentage of ownership of units on a tax transparency basis.

Capital gains on Notes held by a Noteholder who is a Fund or a SICAV are not subject to *imposta sostitutiva*, but must be included in the management results of the Investment Fund or SICAV. Such results will not be subject to taxation at the level of the Investment Fund or SICAV, but a substitute tax of 20 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Capital gains on Notes held by a Noteholder who is a Pension Fund will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. substitute tax.

Non-Italian resident Noteholders

Capital gains realised by non-Italian resident Noteholders without permanent establishment in Italy to which the Notes are effectively connected from the sale or redemption of notes issued by an Italian resident issuer and traded on regulated markets are not subject to the *imposta sostitutiva*, in certain cases 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-Italian resident Noteholders without permanent establishment in Italy to which the Notes are connected from the sale or redemption of Notes issued by an Italian resident issuer and not traded on regulated markets may be taxable in Italy if the Notes are held within the territory of the State. However, such capital gains are not subject to the *imposta sostitutiva* (in certain cases subject to filing of appropriate self-declaration), *provided that* the non-Italian resident beneficial owner: (i) is resident in a country which allows for a satisfactory exchange of information with Italy; or (ii) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (iii) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (iv) is an institutional investor which is resident or located in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of taxpayer in its own country of residence.

If any of the conditions above are not met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident issuer not traded on regulated markets and held in Italy are subject to the *imposta sostitutiva* at the current rate of 20 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 (in certain cases, subject to filing of appropriate documentation which may include, *inter alia*, a residency certificate released by the competent foreign tax authority).

Inheritance and gift taxes

Subject to certain conditions, transfer of Notes, *mortis causa* or by reason of donation, are subject to inheritance and gift taxes.

Inheritance and gift taxes apply according to the following rates and exclusions:

(a) transfers to spouses and to direct relatives: 4 per cent. on the value of the inheritance or gift (including the Notes) exceeding €1 million for each beneficiary;

(b) transfers to brothers and sisters: 6 per cent. on the value of the inheritance or gift (including the Notes) exceeding €100,000 for each beneficiary;

(c) transfers to relatives (*parenti*) within the fourth degree, to direct relatives in law (*affini in linea retta*), indirect relatives in law (*affini in linea collaterale*) within the third degree other than the relatives indicated above: 6 per cent. on the value of the inheritance or gift (including the Notes); and

(d) other transfers: 8 per cent. on the value of the inheritance or gift (including the Notes).

If the heir/beneficiary is affected by a handicap deemed "critical" pursuant to Law No. 104 of 5 February 1992, inheritance and gift taxes apply only on the value of the inheritance or gift (including the Notes) exceeding €1,500,000, at the rates illustrated above, depending on the relationship existing between the deceased or donor and the beneficiary.

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 apply also to non-Italian-resident individuals for notes issued by Italian resident companies.

Transfer tax and stamp duty (bollo) on securities account (deposito titoli)

Article 37 of Law Decree No. 248 of 31 December 2007, converted into law by Law No. 31 of 28 February 2008, abolished the Italian transfer tax (*fissato bollato*) provided for by Royal Decree No. 3278 of 30 December 1923, as amended and supplemented.

Pursuant to Law Decree 201/2011, as recently amended by Article 1, paragraph 581, of Law No. 147 of 27 December 2013, subject to certain conditions, a stamp duty (*bollo*) may be due at the rate of 0.2 per cent., computed on the market value of the Notes, if deposited with an Italian resident financial intermediary or with an Italian permanent establishment of a foreign financial intermediary. Should the market value be absent, the tax base would generally correspond to the nominal or redemption value of the Notes. The stamp duty cannot exceed €14,000, for taxpayers different from individuals.

If the Notes are held abroad (*i.e.*, with a foreign financial intermediary or with a foreign permanent establishment of an Italian financial intermediary) by Italian resident individuals, a property tax is due at the rate of 0.2 per cent. computed on the market value of the Notes. Should the market value be absent, the tax base would generally correspond to the nominal or redemption value of the Notes. Taxpayers are permitted to deduct from the wealth tax a credit equal to any wealth taxes paid in the State where the financial assets are held (up to the amount of the Italian wealth tax due).

Tax monitoring obligations

Pursuant to Law Decree No. 167 of 28 June 1990, individuals, non-profit entities and certain partnerships (in particular, *società semplici* or similar partnerships in accordance with Article 5 of Decree No. 917/1986) resident in Italy under certain conditions are generally required to report on their yearly income tax return, for tax monitoring purposes, the amount of securities (including the Notes) held abroad during the tax year.

Also, the above-mentioned persons qualifying as beneficial owners ("*titolari effettivi*") of the securities (including the Notes) under Italian money laundering legislation pursuant to Article 1(2)(u) and the Technical Annex of the Decree No. 231 of 21 November 2007 shall have to report them on their tax return.

The above persons are, however, not required to comply with the above reporting requirements in respect of securities deposited for management with qualified Italian financial intermediaries and in respect of contracts entered into through their intervention, upon condition that the items of income derived from such securities are subject to withholding tax or substitute tax by the same financial intermediaries.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income ("**EU Savings Directive**"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State (or certain dependent or associated territories) or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

On 10 April 2013, Luxembourg officially announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payment of interest (or similar income) as from this date.

A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). The European Commission has proposed certain amendments to the EU Savings Directive which, if implemented, may amend or broaden the scope of the requirements described above.

Implementation in Italy of the EU Savings Directive

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 ("**Decree 84**"). Under Decree 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State (or certain dependent or associated territories), Italian qualified paying agents shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner and shall not apply the withholding tax. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

SUBSCRIPTION AND SALE

The Joint Lead Managers have, in a subscription agreement dated 17 April 2014 (the "**Subscription Agreement**") and made between the Issuer and the Joint Lead Managers, upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe and pay for the Notes at their issue price of 100 per cent. of their principal amount less a combined commission. The Issuer has also agreed to reimburse the Joint Lead Managers for certain of their expenses incurred in connection with the management of the issue of the Notes. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

General

No action has been or will be taken in any jurisdiction by the Issuer or any Joint Lead Manager that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

Each Joint Lead Manager has represented, warranted and agreed that it will to the best of its knowledge and belief comply with all the relevant laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus or any other offering material.

United States of America

The Notes have not been and will not be registered under the Securities Act or any state securities laws in the United States. The Notes are being offered only outside the United States by the Joint Lead Managers to certain investors in offshore transactions in reliance on 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. Terms used in this paragraph have the meaning given to them by Regulation S.

Each Joint Lead Manager has represented and warranted that it has not offered and sold the Notes, and that it will not offer and sell the Notes (a) as part of its own distribution at any time, or (b) otherwise until forty (40) days after the later of the commencement of the offering and the Closing Date, except in accordance with Rule 903 of Regulation S. Accordingly, none of the Joint Lead Managers, any of their respective Affiliates (as defined in Rule 405 of the Securities Act) nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Notes, and each of the Joint Lead Managers has represented and agreed that they have complied and will comply with the offering restrictions requirement of Regulation S. Each Joint Lead Manager has agreed that, at or prior to confirmation of sale of the Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases the Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

> "The securities covered hereby have not been registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered and sold within the United States or to, or for the account or benefit of, "U.S. persons" (i) as part of their distribution at any time, or (ii) otherwise, until forty (40) days after the later of the commencement of the offering and the Closing Date, except pursuant to an exemption from, or in a transaction not subject to, the regulation requirements of the Securities Act. Terms used above have the meanings given to them by Regulation S."

Terms used in the above paragraph have the meanings given to them by Regulation S.

Each Joint Lead Manager has represented, warranted and agreed with the Issuer that:

(a) except to the extent permitted under U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**D Rules**"):

(i) it has not offered or sold, and during the forty (40) day restricted period will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person; and

(ii) it has not delivered and will not deliver in definitive form within the United States or its possessions any definitive Notes in bearer form that are sold during the restricted period;

(b) it has, and throughout the restricted period will have, in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(c) if it is a United States person, (i) it is acquiring the Notes in bearer form for the purposes of resale in connection with their original issue and (ii) if it retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treasury Regulation §1.163-5(c)(2)(i)(D)(6); and

(d) with respect to each Affiliate (as defined in Rule 405 of the Securities Act) of any Joint Lead Manager that acquires Notes in bearer form from such Joint Lead Manager for the purpose of offering or selling such Notes during the restricted period, such Joint Lead Manager undertakes to the Issuer that it will either (i) repeat and confirm the representations and agreements contained in sub-paragraphs (a), (b) and (c) above on its behalf, or (ii) obtain from such affiliate for the benefit of the Issuer the representations and undertakings contained in sub-paragraphs (a), (b) and (c) above.

Terms used in the above paragraph have the meaning given to them by the Code and regulations thereunder, including the D Rules.

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

Each Joint Lead Manager has acknowledged that the Notes will be represented upon issuance by the Temporary Global Note which is not exchangeable for Permanent Global Notes or definitive Notes until the expiration of the 40-day distribution compliance period and, for persons other than distributors, until certification of beneficial ownership of the Notes by a non-U.S. person or a U.S. person who purchased securities in a transaction that did not require registration under the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S.

The Republic of Italy

The offering of the Notes has not been cleared by CONSOB pursuant to Italian securities legislation. Accordingly, no Notes may be offered, sold or delivered, directly or indirectly, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(i) to qualified investors (*investitori qualificati*), as defined under Article 100 of the Legislative Decree No. 58 of 24 February 1998, as amended (the "**Italian Financial Act**"), as implemented by Article 26, paragraph 1(d) of CONSOB Regulation No. 16190 of 29 October 2007, as amended ("**CONSOB Regulation No. 16190**"), pursuant to Article 34-*ter*, first paragraph, letter b), of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**CONSOB Regulation No. 11971**"); or

(ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Italian Financial Act and its implementing CONSOB Regulations including CONSOB Regulation No. 11971.

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

(a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the relevant provisions of the Italian Financial Act, CONSOB Regulation No. 16190, Legislative Decree No. 385 of 1 September 1993 as amended (the "**Banking Act**") and any other applicable laws or regulation;

(b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy or by Italian persons outside of Italy; and

(c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy or any other Italian authority.

United Kingdom

Each Joint Lead Manager has represented, warranted and agreed 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, as amended (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 and the regulations adopted thereunder with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

France

Each Joint Lead Manager has represented and agreed that (in connection with the initial distribution of the Notes only) 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, and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

GENERAL INFORMATION

1. Listing and Admission to Trading

Application has been made for the Notes to be listed on the Official List of the Irish Stock Exchange and admitted to trading on the regulated market of the Irish Stock Exchange. Admission is expected to take effect on or about the Closing Date.

2. Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in Italy in connection with the issue and performance of the obligations under the Notes. The creation and issue of the Notes has been authorised by a resolution of the Chief Executive Officer of the Issuer dated 16 April 2014, as empowered pursuant to resolutions of the Board of Directors of the Issuer dated 9 April 2014 and 15 April 2014.

3. Expenses Related to Admission to Trading

The total expenses related to admission to trading are estimated at €12,541 including all fees payable to maturity.

4. Legal and Arbitration Proceedings

Save as disclosed in "*Description of the Issuer—Litigation*", neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

5. Auditors

The consolidated financial statements of the Group as at and for the years ended 31 December 2012 and 31 December 2013, and the consolidated financial statements of Kedrion S.p.A as at and for the year ended 31 December 2012, have been prepared in accordance with IFRS and have been audited without qualification by Reconta Ernst & Young S.p.A., as stated in their reports incorporated by reference herein. Reconta Ernst & Young S.p.A. is registered under No. 70945 in the Single Register of Legal Auditors at the Ministry of Economy and Finance (*Registro Unico dei Revisori Legali presso il Ministero dell'Economia e delle Finanze*), State General Accounting (*Ragioneria Generale dello Stato*). Reconta Ernst & Young S.p.A. is also a member of ASSIREVI, the Italian association of auditing firms.

6. Significant Material Change

Save as disclosed in this Prospectus in "*Description of the Issuer—Recent Developments*" and in "*Documents Incorporated by Reference*", since 31 December 2013, there has been no material adverse change in the prospects of the Issuer and there has been no significant change in the financial or trading position of the Group.

7. Documents on Display

For so long as any of the Notes are outstanding, copies of the following documents may be inspected in electronic format during normal business hours at the specified office of each Paying Agent:

(a) the constitutive documents of the Issuer;

(b) the Trust Deed;

(c) the Agency Agreement; and

(d) the most recently published audited consolidated annual financial statements of the Issuer, commencing with the audited consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2013 and 31 December 2012.

A copy of this Prospectus and any document incorporated by reference in this Prospectus will also be electronically available for viewing on the website of the Irish Stock Exchange (*www.ise.ie*).

8. Legend for any U.S. Person

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".

9. ISIN and Common Code

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The International Securities Identification Number for the Notes is XS1061608300 and the Common Code is 106160830. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855 Luxembourg.

10. Yield

Based upon an issue price of 100 per cent. of the principal amount of the Notes, the yield on the Notes is 4.625 per cent. on an annual basis. The yield is calculated at the Closing Date on the basis of the issue price. It is not an indication of future yield.

11. Potential Conflicts of Interest

The Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Joint Lead 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 its affiliates or any entity related to the Notes. The Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistently with their customary risk management policies. Typically, such Joint Lead 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. The Joint Lead 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 purpose of this paragraph, the word "affiliates" also includes parent companies. In particular, each of Natixis and Intesa Sanpaolo S.p.A., the parent company of Banca IMI S.p.A., Cassa di Risparmio di Pistoia e della Lucchesia S.p.A., a company belonging to the Intesa Sanpaolo banking group and Banca IMI S.p.A., one of the Joint Lead Managers and a company belonging to the Intesa Sanpaolo banking group, have entered into material financing agreements or arrangements with the Issuer and its parent and subsidiary companies, and are among the main lenders to the Group (see also "*Description of the Issuer—Material Financing Agreements*" and "*Description of the Issuer—Recent Developments*"). 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, as Joint Lead Managers, Banca IMI S.p.A. and Natixis will receive commissions (as further described in "*Subscription and Sale*").

12. Post-issuance Information

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

REGISTERED OFFICE OF THE ISSUER

Kedrion Group S.p.A.
Località Ai Conti, Castelvecchio Pascoli
55051 Barga
Italy

PRINCIPAL PAYING AGENT

BNP Paribas Securities Services, Luxembourg Branch
33, rue de Gasperich
Howald - Hesperange
L-2085 Luxembourg
Grand Duchy of Luxembourg

TRUSTEE

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

JOINT LEAD MANAGERS

Banca IMI S.p.A.
Largo Mattioli, 3
20121 Milan
Italy

Natixis
30, avenue Pierre Mendès France
75013 Paris
France

LEGAL ADVISERS

To the Issuer as to English law:
White & Case LLP
5 Old Broad Street
London, EC2N 1DW
United Kingdom

To the Issuer as to Italian law:
White & Case (Europe) LLP
Piazza Diaz, 1
20123 Milan
Italy

To the Issuer as to Italian tax law
Studio Professionale Associato a Baker & McKenzie
Piazza Filippo Meda, 3
20121 Milan
Italy

To the Joint Lead Managers as to Italian and English law:
Studio Legale Associato
in association with Linklaters
Via Broletto, 9
20121 Milan
Italy

To the Trustee as to English law:
Linklaters LLP
One Silk Street
London, EC2Y 8HQ
United Kingdom

AUDITORS TO THE ISSUER

Reconta Ernst & Young S.p.A.
Piazza della Libertà, 9
50129 Florence
Italy

LISTING AGENT

BNP Paribas Securities Services, Luxembourg Branch
33, Rue de Gasperich
Howald – Hesperange
L-2085 Luxembourg
Grand Duchy of Luxembourg