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28 July 2020



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J.P.Morgan



Morgan Stanley



Pricing Termsheet

USD 1.5 billion Convertible Bonds Dual tranche offering due 2025 and 2027

Issuer:	STMicroelectronics NV (the "Issuer" or "STM").
Securities Offered:	Senior, unsecured convertible bonds (the "Bonds") due 2025 ("Tranche A") and 2027 ("Tranche B").
Underlying Shares:	Ordinary Shares of the Issuer (the "Shares"), listed on the Italian Stock Exchange (<i>Borsa Italiana</i>) and the regulated market of Euronext Paris. Bloomberg: STM IM Equity Reuters: STM.MI
Rating of the Issuer:	Baa3 (stable outlook) by Moody's / BBB (stable outlook) by Standard & Poor's / Fitch BBB (stable outlook).
Rating of the Bonds:	The Issuer currently expects the Bonds to be rated by at least one rating agency and, if required, will apply for a rating for the Bonds after the Settlement Date.
Launch Date:	28 July 2020.
Pricing and Allocations:	28 July 2020 (the "Pricing Date").
Settlement Date:	Expected on or around 4 August 2020.
Status:	Senior, unsecured.
Form and Denomination:	Registered Bonds of USD 200,000 principal amount each (the "Principal

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	Amount").	
Fixed Exchange Rate:	USD 1.17375 / EUR 1.00.	
Reference Price:	USD 29.57, being the Volume Weighted Average Price ("VWAP") of a Share on the Italian Stock Exchange (<i>Borsa Italiana</i>) between launch and pricing, converted to US Dollars at the Fixed Exchange Rate.	
	<u>Tranche A ("2025 Bonds")</u>	<u>Tranche B ("2027 Bonds")</u>
Issue Size:	USD 750 million.	USD 750 million.
Final Maturity Date:	4 August 2025.	4 August 2027.
Issue Price:	105.8% of the Principal Amount.	104.5% of the Principal Amount.
Redemption Price:	100.0% of the Principal Amount.	100.0% of the Principal Amount.
Coupon:	0.00%.	0.00%.
Yield to Maturity:	(1.12)% per annum.	(0.63)% per annum.
Conversion Premium:	47.5% above the Reference Price.	52.5% above the Reference Price.
Initial Conversion Price:	USD 43.62 per Share.	USD 45.10 per Share.
Issuer Call:	<p>Callable after the date falling 3 years after the Settlement Date at the Principal Amount if the Parity Value of a Bond (as defined below) is at least USD 260,000 for at least 20 out of 30 consecutive dealing days.</p> <p>Callable at any time at the Principal Amount if 15% or less of the principal amount of the Bonds in Tranche A remain outstanding.</p> <p>In addition, see "Tax Call / Gross Up" below.</p>	<p>Callable after the date falling 4 years after the Settlement Date at the Principal Amount if the Parity Value of a Bond (as defined below) is at least USD 260,000 for at least 20 out of 30 consecutive dealing days.</p> <p>Callable at any time at the Principal Amount if 15% or less of the principal amount of the Bonds in Tranche B remain outstanding.</p> <p>In addition, see "Tax Call / Gross Up" below.</p>
Conversion Right:	The 2025 Bonds will be convertible in whole, but not in part, at the option of Bondholders on a Net Share Settlement basis at the prevailing Conversion Price (subject to the Issuer's right to make an Alternative Settlement Election, as described below) in the circumstances described under "Contingent Conversion Conditions" below.	The 2027 Bonds will be convertible in whole, but not in part, at the option of Bondholders on a Net Share Settlement basis at the prevailing Conversion Price (subject to the Issuer's right to make an Alternative Settlement Election, as described below) in the circumstances described under "Contingent Conversion Conditions" below.
Contingent Conversion Conditions:	<p>A Bondholder may exercise its Conversion Right on or after the 41st day after the Settlement Date in the following circumstances:</p> <ol style="list-style-type: none"> a) At any time where the Conversion Date falls from (and including) the Call Date to (but excluding) the 10th dealing day prior to the Final Maturity Date; or b) At any time prior to the Call Date, <ul style="list-style-type: none"> • if the arithmetic mean of the Parity Value on each dealing day in any period of 20 consecutive dealing days in the period of 30 consecutive dealing days ending on (and including) the dealing day immediately preceding the final dealing day of the immediately preceding Quarter is greater than USD 260,000, provided that the Conversion Date falls during the immediately following Quarter; or • in case of early redemption in respect of the outstanding Bonds of either Tranche at the option of the Issuer, where the Conversion Date falls in the period from (and including) the date on which the notice of redemption is published up to (but 	

excluding) the 10th dealing day preceding the date of such early redemption; or

- in the case of distribution to Shareholders of cash, assets, securities or other property where the Fair Market Value (as at the date of first public announcement of such distribution by the Issuer) of such distribution per Share is greater than 25% of the arithmetic mean of the VWAP of a Share on the Italian Stock Exchange on each dealing day in the 20 dealing day period ending on (and including) the dealing day immediately preceding such first public announcement, provided that the Conversion Date falls in the period from (and including) the date on which such announcement is made to (but excluding) the later of (i) ex-date in respect of such distribution and the (ii) the 10th Amsterdam business day following the date on which such announcement is made; or
- in the case of a Change of Control having occurred, where the Conversion Date falls during the Change of Control Period; or
- in the case of a Delisting Event having occurred, provided that the Conversion Date falls during the Delisting Event Period; or
- in the case of an Event of Default, where the Conversion Date falls in the period from (and including) the occurrence of the Event of Default up to (but excluding) the date the Bonds are declared due and payable, or, if earlier, the date the relevant Event of Default ceases to be continuing; or
- if a Parity Event or IA Parity Event occurs, provided that the Conversion Date falls during the period of 10 consecutive dealing days commencing on and including the first dealing day following the Issuer Notification Date (as defined in the Terms and Conditions),

provided, in each case, that the Conversion Date falls on or prior to the 10th dealing day prior to the Final Maturity Date for the relevant Tranche.

“Bond Price Determination Date” means the fifth dealing day following the relevant Bond Price Unavailability Date;

A **“Bond Price Unavailability Date”** shall have occurred in respect of any Reference Period, as determined by the Calculation Agent, if no Quote for the Bonds is available on at least 6 dealing days comprised in such Reference Period, and in any such case the Bond Price Unavailability Date shall be such 6th dealing day;

“Closing Parity Value” means, in respect of any dealing day, the amount determined in good faith by the Calculation Agent and calculated as follows:

$$CPV = N \times CP$$

where

- CPV = the Closing Parity Value;
- CP = the Closing Price; and
- N = USD 200,000 divided by the Conversion Price in effect on such dealing day;

A **“IA Parity Event”** shall occur in respect of any Reference Period if, as determined by the Calculation Agent, (i) a Bond Price Unavailability Date has occurred in respect of such Reference Period, and (ii) the Quote for the Bonds on the Bond Price Determination Date (and if no such Quotes for the Bond is available, the fair market value (taking into consideration the mid-market price) as at as at or around 5.00 p.m. (London time) on the Bond Price Determination Date per Bond (as determined by an Independent Adviser)) is less than 98% of the

Closing Parity Value on such Bond Price Determination Date;

“Leading Institution” means any bank or financial institution which is a leading, internationally recognised market maker in trading exchangeable and/or convertible bonds;

“Mid-Market Price” means, in respect of any day, the average of the prices per USD 200,000 in principal amount of the Bonds quoted by a Leading Institution for (x) the purchase by such Leading Institution (bid price), and (y) the purchase from such Leading Institution (ask price), in each case in respect of the Bonds as at or around 5.00 p.m. (London time) on such day;

A **“Parity Event”** shall occur in relation to any Reference Period if, as determined by the Calculation Agent, (i) the Quote for the Bonds is available in respect of at least 5 dealing days comprised in such Reference Period, and (ii) on each dealing day comprised in such Reference Period in respect of which the Quote for the Bonds is available, such Quote for the Bonds is less than 98% of the Closing Parity Value in respect of such dealing day;

“Parity Value” means, in respect of any dealing day, the product of (i) the number of Shares determined by dividing USD 200,000 by the Conversion Price in effect on such dealing day; and (ii) the VWAP of a Share on the Italian Stock Exchange on such dealing day;

“Reference Period” means a period of 10 consecutive dealing days commencing on the second dealing day following such Notification Date;

“Quarter” means the 3 calendar months ended 31 March, 30 June, 30 September and 31 December in each year, commencing with the 3 months ending 30 September 2020; and

“Quote for the Bonds” means, in respect of any dealing day, the arithmetic average of the Mid-Market Prices in respect of such dealing day provided to the Calculation Agent by each Joint Bookrunner in respect of such dealing day, as further described in the Terms and Conditions.

Settlement upon exercise of conversion right (Net Share Settlement):

Net Share Settlement upon exercise of Conversion Rights, as described in the Terms and Conditions (based on a forward looking 20-day averaging period), subject to the right of the Issuer to make an Alternative Settlement Election.

Alternative Settlement Election:

Yes, as described in the Terms and Conditions, at the option of the Issuer on a case by case basis:

- (1) by delivering the Reference Shares to the relevant Bondholders; or
- (2) by making payment to the relevant Bondholder of the Alternative Settlement Cash Amount in respect of the Cash Settled Shares, and, where the Cash Settled Shares is less than the Reference Shares, by delivering a number of Shares equal to the number of Reference Shares minus the number of Cash Settled Shares,

together with any other amount payable by the Issuer to such Bondholder pursuant to the Terms and Conditions in respect of, or relating to, the relevant exercise of Conversion Rights.

Delisting Event Bondholder Put:

Yes, on the occurrence of a Delisting Event, at the Principal Amount.

A **“Delisting Event”** shall occur if:

- (i) the Shares at any time cease to be admitted to listing and trading on the Italian Stock Exchange or if any announcement is made by the Issuer or the Italian Stock Exchange that the Shares will cease to be admitted to trading and listing on the Italian Stock Exchange unless the Shares are already, or are immediately admitted to trading and/or listing on another internationally recognised, regularly operating and regulated stock exchange; or

- (ii) trading of the Shares on the Italian Stock Exchange (or, if the Shares at any time cease to be admitted to listing and trading on the Italian Stock Exchange and the Shares at the relevant time are admitted to trading and/or listing on another internationally recognised, regularly operating and regulated stock exchange, trading of the Shares on such exchange) is suspended for a period of 5 dealing days or more, provided that trading of the Ordinary Shares shall not be considered to be suspended on any dealing day on which a general suspension of trading on the relevant stock exchange has occurred.

Change of Control:	Change of Control put at the Principal Amount and downward adjustment to the Conversion Price for a period of 60 days, calculated by reference to the remaining life of the Bonds, on the occurrence of a Change of Control in respect of the Issuer.
Anti-Dilution Provisions:	Standard anti-dilution provisions dealing with, inter alia, share consolidations, share splits, capital distributions, rights issues and bonus issues, share repurchases, mergers, spinoffs and dividends.
Dividend Protection:	Downward adjustment of the Conversion Price in the event of any dividend paid by the Issuer in any Quarter in excess of USD 0.06 per Share.
Negative Pledge:	Yes, in relation to the Issuer and its Material Subsidiaries in respect of capital markets indebtedness (as described in the Terms and Conditions).
Events of Default:	Customary, in respect of the Issuer and its Material Subsidiaries with a cross-acceleration threshold of USD 50 million (as described in the Terms and Conditions).
Tax Call / Gross Up:	Yes / Yes. Tax call at the Principal Amount, subject to the right of Bondholders to elect to retain their Bonds and thereafter receive any payments net of any withholding required to be made.
Lock-Up:	From the Pricing Date until 90 days after the Settlement Date.
Use of Proceeds:	The offering proceeds, net of costs, will be used by STM for general corporate purposes, including the early redemption of the outstanding US\$750 million Zero Coupon Convertible Bonds due 2022.
Selling Restrictions:	Private placement to institutional investors only pursuant to Regulation S (Category 1). No sales into the US. No Rule 144A. TEFRA Rules do not apply. No sales into Australia, Japan or South Africa. Sales to Accredited Investors who are also Permitted Clients in Canada. MiFID II Professionals / Eligible Counterparties-only / No PRIIPS KID / No sales to retail investors in the EEA or UK. Standard selling restrictions apply elsewhere.
Target Market (MiFID II Product Governance):	Target market (MiFID II product governance) is professional clients and eligible counterparties (all distribution channels). No PRIIPs key information document (KID) has been prepared as not available to retail investors in EEA or UK.
Governing Law:	English Law.
Listing of the Bonds:	Application will be made for the Bonds to be admitted to trading on the Open Market (<i>Freiverkehr</i>) segment of the Frankfurt Stock Exchange within 90 days after the Settlement Date.
Clearing Codes:	2025 Bonds: ISIN: XS2211997155 / Common Code: 221199715 2027 Bonds: ISIN: XS2211997239 / Common Code: 221199723
Joint Global Coordinators and Joint Bookrunners:	BNP Paribas, J.P. Morgan and UniCredit Corporate & Investment Banking.
Joint Bookrunners:	Citigroup Global Markets Limited, IMI – Intesa Sanpaolo, Morgan Stanley & Co. International plc and Natixis.
Co-lead Managers:	Crédit Agricole Corporate and Investment Bank, Mediobanca and Société Générale

	Corporate & Investment Banking.
Principal Paying, Conversion, and Transfer Agent:	The Bank of New York Mellon, London Branch
Trustee:	BNY Mellon Corporate Trustee Services Limited
Registrar:	The Bank of New York Mellon S.A./NV, Luxembourg Branch
Calculation Agent:	Conv-Ex Advisors
Settlement Agent:	J.P. Morgan

IMPORTANT INFORMATION

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UK AND EEA SELLING RESTRICTIONS AND DEEMED INVESTOR REPRESENTATION

THIS DOCUMENT IS BEING SUPPLIED TO YOU SOLELY FOR YOUR INFORMATION AND MAY NOT BE REPRODUCED, REDISTRIBUTED OR PASSED ON DIRECTLY OR INDIRECTLY TO ANY OTHER PERSON OR PUBLISHED IN WHOLE OR IN PART FOR ANY PURPOSE. NEITHER THIS DOCUMENT NOR ANY COPY OF IT MAY BE TAKEN OR TRANSMITTED INTO THE UNITED STATES, AUSTRALIA, JAPAN OR SOUTH AFRICA. THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW AND PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT AND OBSERVE ANY SUCH RESTRICTIONS. BY ACCEPTING THIS DOCUMENT YOU AGREE TO BE BOUND BY THE FOREGOING INSTRUCTIONS. THIS DOCUMENT DOES NOT CONSTITUTE OR FORM PART OF ANY OFFER OR SALE OR SUBSCRIPTION OF OR SOLICITATION OF ANY OFFER TO BUY OR SUBSCRIBE FOR ANY SECURITIES NOR SHALL IT OR ANY PART OF IT FORM THE BASIS OF OR BE RELIED ON OR IN CONNECTION WITH ANY COMMITMENT WHATSOEVER. INVESTORS SHOULD NOT SUBSCRIBE FOR ANY BONDS REFERRED TO HEREIN EXCEPT ON THE BASIS OF INFORMATION CONTAINED IN THE FINAL VERSION OF THE TERMS AND CONDITIONS OF THE BONDS WHEN AVAILABLE. EACH PERSON RECEIVING THIS DOCUMENT SHOULD CONSULT HIS/HER PROFESSIONAL ADVISOR TO ASCERTAIN THE SUITABILITY OF THE BONDS AS AN INVESTMENT. NONE OF THE ISSUER OR MANAGERS MAKES ANY REPRESENTATION AS TO (I) THE SUITABILITY OF THE BONDS FOR ANY PARTICULAR INVESTOR, (II) THE APPROPRIATE ACCOUNTING TREATMENT AND POTENTIAL TAX CONSEQUENCES OF INVESTING IN THE BONDS OR (III) THE FUTURE PERFORMANCE OF THE BONDS EITHER IN ABSOLUTE TERMS OR RELATIVE TO COMPETING INVESTMENTS. THE MANAGERS, OR ANY OF THEIR RESPECTIVE AFFILIATES MAY FROM TIME TO TIME HAVE LONG OR SHORT POSITIONS IN, OR BUY AND SELL, BONDS, SHARES, FUTURES OR OPTIONS IDENTICAL OR RELATED TO THOSE MENTIONED HEREIN.

THE OFFER WHEN MADE, ANY OFFERING DOCUMENTATION RELATING TO THE OFFERING OF THE BONDS AND THIS DOCUMENT ARE ONLY ADDRESSED TO AND DIRECTED, IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA (THE "EEA") (EACH, A "MEMBER STATE") AND THE UNITED KINGDOM, AT PERSONS WHO ARE "QUALIFIED INVESTORS" WITHIN THE MEANING OF ARTICLE 2(E) OF THE PROSPECTUS REGULATION ("QUALIFIED INVESTORS") AND HAVE BEEN PREPARED ON THE BASIS THAT ANY OFFER OF BONDS IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA OR THE UNITED KINGDOM WILL BE MADE PURSUANT TO AN EXEMPTION UNDER THE PROSPECTUS REGULATION FROM THE REQUIREMENT TO PUBLISH A PROSPECTUS FOR OFFERS OF BONDS. EACH PERSON IN A MEMBER STATE OR THE UNITED KINGDOM WHO INITIALLY ACQUIRES ANY BONDS OR TO WHOM ANY OFFER OF BONDS MAY BE MADE AND, TO THE EXTENT APPLICABLE, ANY FUNDS ON BEHALF OF WHICH SUCH PERSON IS ACQUIRING THE BONDS THAT ARE LOCATED IN A MEMBER STATE OR IN THE UNITED KINGDOM WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A QUALIFIED INVESTOR. THE EXPRESSION "PROSPECTUS REGULATION" MEANS REGULATION (EU) 2017/1129 (AS AMENDED OR SUPERSEDED). REFERENCES TO REGULATIONS OR DIRECTIVES INCLUDE, IN RELATION TO THE UK, THOSE REGULATIONS OR DIRECTIVES AS THEY FORM PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 OR HAVE BEEN IMPLEMENTED IN UK DOMESTIC LAW, AS APPROPRIATE.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET - SOLELY FOR THE PURPOSES OF THE PRODUCT GOVERNANCE REQUIREMENTS CONTAINED WITHIN: (A) EU DIRECTIVE 2014/65/EU ON MARKETS IN FINANCIAL INSTRUMENTS, AS AMENDED ("MIFID II"); (B) ARTICLES 9 AND 10 OF COMMISSION DELEGATED DIRECTIVE (EU) 2017/593 SUPPLEMENTING MIFID II; AND (C) LOCAL IMPLEMENTING MEASURES (TOGETHER, THE "MIFID II PRODUCT GOVERNANCE REQUIREMENTS"), AND DISCLAIMING ALL AND ANY LIABILITY, WHETHER ARISING IN TORT, CONTRACT OR OTHERWISE, WHICH ANY "MANUFACTURER" (FOR THE PURPOSES OF THE MIFID II PRODUCT GOVERNANCE REQUIREMENTS) MAY OTHERWISE HAVE WITH RESPECT THERETO, THE BONDS HAVE BEEN SUBJECT TO A PRODUCT APPROVAL PROCESS, WHICH HAS DETERMINED THAT: (I) THE TARGET MARKET FOR THE BONDS IS ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ONLY, EACH AS DEFINED IN MIFID II; AND (II) ALL CHANNELS FOR DISTRIBUTION OF THE BONDS TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ARE APPROPRIATE AS PERMITTED BY MIFID II (THE "**TARGET MARKET ASSESSMENT**"). ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE BONDS (A "DISTRIBUTOR") SHOULD TAKE INTO CONSIDERATION THE MANUFACTURERS' TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO MIFID II IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE BONDS (BY EITHER ADOPTING OR REFINING THE MANUFACTURERS' TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

THE TARGET MARKET ASSESSMENT IS WITHOUT PREJUDICE TO THE REQUIREMENTS OF ANY CONTRACTUAL OR LEGAL SELLING RESTRICTIONS IN RELATION TO ANY OFFERING OF THE BONDS.

FOR THE AVOIDANCE OF DOUBT, THE TARGET MARKET ASSESSMENT DOES NOT CONSTITUTE: (A) AN ASSESSMENT OF SUITABILITY OR APPROPRIATENESS FOR THE PURPOSES OF MIFID II; OR (B) A RECOMMENDATION TO ANY INVESTOR OR GROUP OF INVESTORS TO INVEST IN, OR PURCHASE, OR TAKE ANY OTHER ACTION WHATSOEVER WITH RESPECT TO THE BONDS.

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA OR THE UNITED KINGDOM. FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF MIFID II; OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (AS AMENDED), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II. CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014, AS AMENDED (THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA OR THE UNITED KINGDOM HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA OR THE UNITED KINGDOM MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

IN ADDITION, THIS DOCUMENT IS FOR DISTRIBUTION ONLY TO PERSONS WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED, THE "FINANCIAL PROMOTION ORDER"), (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) ("HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC.") OF THE FINANCIAL PROMOTION ORDER, (III) ARE OUTSIDE THE UNITED KINGDOM, OR (IV) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000) IN CONNECTION WITH THE ISSUE OR SALE OF ANY SECURITIES MAY OTHERWISE LAWFULLY BE COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS DOCUMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS DOCUMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

THE OFFERING OF THE BONDS HAS NOT AND WILL NOT BE REGISTERED WITH THE *COMMISSIONE NAZIONALE PER LE SOCIETÀ E LA BORSA* ("CONSOB") (THE ITALIAN SECURITIES EXCHANGE COMMISSION) PURSUANT TO ITALIAN SECURITIES LEGISLATION AND, ACCORDINGLY, NO BONDS MAY BE OFFERED, SOLD OR DELIVERED IN THE REPUBLIC OF ITALY, EXCEPT: (I) TO QUALIFIED INVESTORS (*INVESTITORI QUALIFICATI*), AS DEFINED PURSUANT TO ARTICLE 2 OF THE PROSPECTUS REGULATION AND ANY APPLICABLE PROVISION OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998, AS

AMENDED (THE "FINANCIAL SERVICES ACT") AND ANY OTHER IMPLEMENTING REGULATIONS; OR (II) IN OTHER CIRCUMSTANCES WHICH ARE EXEMPTED FROM THE OBLIGATION TO PUBLISH A PROSPECTUS, AS PROVIDED FOR PURSUANT TO ARTICLE 1 OF THE PROSPECTUS REGULATION AND ARTICLE 34-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999, AS AMENDED AND THE APPLICABLE ITALIAN LAWS. ANY OFFER, SALE OR DELIVERY OF THE BONDS OR DISTRIBUTION OF COPIES OF OFFERING MATERIAL RELATING TO THE BONDS IN THE REPUBLIC OF ITALY WILL BE MADE (I) BY AN INVESTMENT FIRM, BANK OR FINANCIAL INTERMEDIARY PERMITTED TO CONDUCT SUCH ACTIVITIES IN THE REPUBLIC OF ITALY IN ACCORDANCE WITH THE FINANCIAL LAWS CONSOLIDATED ACT, CONSOB REGULATION NO. 16190 OF 29 OCTOBER 2007, AS AMENDED, THE LEGISLATIVE DECREE NO. 385 OF 1 SEPTEMBER 1993 (THE "CONSOLIDATED BANKING ACT") AND CONSOB REGULATION NO. 2307 OF 15 FEBRUARY 2018, AS AMENDED; (II) IN COMPLIANCE WITH ARTICLE 129 OF THE CONSOLIDATED BANKING ACT, AS AMENDED AND THE IMPLEMENTING GUIDELINES OF THE BANK OF ITALY, AS AMENDED; AND (III) IN COMPLIANCE WITH ANY OTHER APPLICABLE LAWS, REGULATIONS OR REQUIREMENTS IMPOSED BY CONSOB, THE BANK OF ITALY OR ANY OTHER ITALIAN AUTHORITY.

IN THE CASE OF ANY SECURITIES BEING OFFERED TO A POTENTIAL INVESTOR IN ITS CAPACITY AS A FINANCIAL INTERMEDIARY (AS SUCH TERM IS USED IN ARTICLE 5(1) OF THE PROSPECTUS REGULATION), SUCH FINANCIAL INTERMEDIARY WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT THE SECURITIES ACQUIRED BY IT IN THE OFFERING HAVE NOT BEEN ACQUIRED ON BEHALF OF PERSONS IN A MEMBER STATE OTHER THAN QUALIFIED INVESTORS OR PERSONS IN MEMBER STATES FOR WHOM SUCH FINANCIAL INTERMEDIARY HAS AUTHORITY TO MAKE DECISIONS ON A WHOLLY DISCRETIONARY BASIS, NOR HAVE THE SECURITIES BEEN ACQUIRED WITH A VIEW TO THEIR OFFER OR RESALE IN A MEMBER STATE WHERE THIS WOULD RESULT IN A REQUIREMENT FOR PUBLICATION BY THE ISSUER, THE MANAGERS OR ANY OTHER MANAGER OF A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS REGULATION, UNLESS THE PRIOR WRITTEN CONSENT OF THE MANAGERS HAS BEEN OBTAINED TO SUCH OFFER OR RESALE.

THE BONDS MAY BE SOLD ONLY TO PURCHASERS IN CANADA PURCHASING, OR DEEMED TO BE PURCHASING, AS PRINCIPAL THAT ARE ACCREDITED INVESTORS, AS DEFINED IN NATIONAL INSTRUMENT 45-106 PROSPECTUS EXEMPTIONS OR SUBSECTION 73.3(1) OF THE SECURITIES ACT (ONTARIO), AND ARE PERMITTED CLIENTS, AS DEFINED IN NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS. ANY RESALE OF THE BONDS OR SHARES DELIVERED ON CONVERSION OF THE BONDS MUST BE MADE IN ACCORDANCE WITH AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE PROSPECTUS REQUIREMENTS OF APPLICABLE SECURITIES LAWS.

THE ISSUER AND THE MANAGERS AND OTHERS WILL RELY UPON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATIONS, ACKNOWLEDGEMENTS, AND AGREEMENTS.