

**SIPCAM OXON S.p.A.**

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**RULES OF THE BOND LOAN**

**SIPCAM OXON S.P.A. (FORMERLY OXON ITALIA S.P.A.) - FIXED RATE 5.50% - 2015/2021**

**ISIN IT0005107385**

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## 1. AMOUNT, DENOMINATION, SECURITIES AND LISTING

- 1.1. The bond loan called "*SIPCAM OXON Italia S.p.A. (formerly OXON ITALIA S.p.A.) - Fixed Rate 5.50% - 2015/2021*", for a maximum total nominal amount of €8,000,000.00 (eight million) (the "**Bond Loan**") is issued by SIPCAM OXON Italia S.p.A. (hereinafter, "**SIPCAM OXON**", the "**Company**" or the "**Issuer**") with its registered office at Via Carroccio No. 8, Milan, and consists of a maximum of 80 (eighty) registered bonds (the "**Bonds**") with a face value of € 100,000.00 (one hundred thousand) each (the "**Face Value**") in indivisible denominations, under the terms and conditions set out in these rules (the "**Rules**").
- 1.2. The issue of the Bond Loan was resolved by the Company's Board of Directors on 31 March 2015 by deed authenticated by Manuela Agostini, Notary Public in Milan, Index No. 75436, folder No. 13118.
- 1.3. The Bonds have been placed in the centralised management system at Monte Titoli S.p.A. ("**Monte Titoli**") in dematerialised form, pursuant to Legislative Decree No. 58 of 24 February 1998, as amended ("**Italian Consolidated Law on Finance**") and its implementing regulations. Therefore, in accordance with the provisions of the Consolidated Law on Finance, all transactions involving the Bonds (including the issue of dematerialised securities, transfers and the establishment of liens) and the exercise of the related property rights may be carried out exclusively through authorised intermediaries belonging to the centralised management system of Monte Titoli (the "**Participating Intermediaries**"). Bondholders cannot request physical delivery of the securities representing the Bonds or the convertibility of the same into bearer Bonds.
- 1.4. The Issuer has filed an application with the Italian Stock Exchange S.p.A. ("**the Italian Stock Exchange**") for admission to trading of the Bonds in the Professional Segment of the ExtraMOT multilateral trading facility (MTF) organised and managed by the Italian Stock Exchange ("**ExtraMoT Pro**").
- 1.5. The Bonds have been assigned the following ISIN code: IT0005107385.
- 1.6. The decision of the Italian Stock Exchange and the starting date of trading of the Bonds on the ExtraMOT Pro, together with the information necessary for trading, shall be announced by the Italian Stock Exchange by means of a specific notice, pursuant to Section 11.6 of the "*Guidelines*" contained in the "Rules of the ExtraMOT market" (the "**ExtraMOT Rules**").

## 2. PRICE, RIGHT TO EARN INTEREST AND SUBSCRIPTION TERMS

- 2.1. The Bonds are issued at par, i.e. for a unit consideration equal to their Face Value and therefore to the subscription price of EUR 100,000.00 (*one hundred thousand*) each (the "**Subscription Price**").
- 2.2. The Bond Loan was issued on 30 April 2015 (the "**Issue Date**") and has the right to earn interest on the same date (the "**Interest Entitlement Date**").
- 2.3. The Bonds will be offered exclusively to Qualified Investors (as defined below) in such a way as to exclude the application of the rules on public offering and the related obligation to publish a prospectus pursuant to one or more cases of exemption under Article 34-ter of the Issuers' Regulation adopted by the CONSOB Resolution No. 11971 of 14 May 1999, as amended.
- 2.4. The subscription of the Bonds and the payment of the Subscription Price by the relevant holders ("**Holders**" or "**Bondholders**") shall take place in a lump sum with payment of the relevant amount on the Issue Date. Following the subscription of the Bonds and the payment of the Subscription Price, the Company will credit the Bonds to the securities dossiers indicated by the Holders at the time of subscription, through the Participating Intermediaries.

## 3. SUBSCRIPTION AND CIRCULATION RULES AND RESTRICTIONS

- 3.1. The Bonds may only be subscribed and held by - and may therefore only be transferred and circulated to - persons who (jointly): *(i)* are "**Qualified Investors**" as defined in article 100, paragraph 1, letter a) of the Italian Consolidated Law on Finance and in the combined provisions of article 34-fer, paragraph 1, letter b) of the CONSOB regulation adopted by Resolution No. 11971 of 14 May 1999, as amended, and article 26, paragraph 1, letter d) of the CONSOB regulation adopted by Resolution No. 16190 of 29 October 2007 as amended; *(ii)* do not hold, directly or indirectly, even through trust companies or intermediaries, more than 2% (two percent) of the Company's capital or assets; and *(iii)* are residents of Italy or States or territories that allow an adequate exchange of information (as indicated in the Ministerial Decree of 4 September 1996 and subsequent amendments and additions).
- 3.2. The Company and the Participating Intermediaries shall therefore not be required to recognise - and shall not recognise - as Bondholders persons who *(i)* do not have the characteristics referred to in paragraph 3.1 above and who *(ii)* at the time of subscription or transfer did not provide the Participating Intermediaries with whom the Bonds are or will be deposited with a specific written certification in free form in which they attest that they meet the requirements of the aforementioned provisions, as well as the additional documentation required by applicable laws, with the relevant subscription and/or transfer being considered to have no effect whatsoever on the Company.

#### 4. TERM

The Bond Loan has a term of 72 (*seventy-two*) months (i.e. 6 (*six*) years) starting from the Interest Entitlement Date until the corresponding day of the 72<sup>nd</sup> (*seventy-second*) month following the Interest Entitlement Date, i.e. 30 April 2021 (the "**Maturity Date**"). Without prejudice to the cases in which the right to earn interest of the Bonds ceases before the ordinary maturity of the Bond Loan, due to the provisions of Article 8 below, the Bonds shall be redeemed at par, i.e. for an amount equal to the relevant Face Value, in the manner set forth in Article 6 below and under the conditions and within the limits of these Rules.

#### 5. INTEREST

- 5.1. The Bonds bear interest at a nominal annual gross fixed rate of 5.50 percent (*five point five zero percent*) (the "**Nominal Interest Rate**") from the Interest Entitlement Date of the Bond Loan (included) (the "**Interest**").
- 5.2. If the Issuer fails to respect, with reference to a Reference Date (as defined below), even only one of the Financial Benchmarks (as defined below) in such a way that the change thereof results in a deviation not exceeding 10% (*ten percent*) of the value thereof (each, a "**Step-Up Event**"), without prejudice in any event to the provisions of paragraph 7.1(o) below, the Nominal Interest Rate shall be automatically increased - without the need for any notice in this respect by the Bondholders (while on the other hand, the notice of the aforesaid Step-Up Event shall be required in accordance with paragraph 7.2 below) - by 0.50% (*zero point five zero*) *per annum* gross fixed (the "**Nominal Interest Rate**" therefore being understood as the interest rate as increased).
- 5.3. The increase in the Nominal Interest Rate as a result of a Step-Up Event shall commence on the Calculation Date (as defined below) on which the Step-Up Event occurs (the "**Step-Up Commencement Date**") and shall apply pro rata temporis from the Step-Up Commencement Date (i.e. the day on which the Step-Up Event occurs and the Step-Up Notice is provided, as defined below) until the next one at the Calculation Date (excluded) (the "**Reset Date**") in relation to which respect for each breached Financial Benchmark has been verified. For the sake of clarity, as from the Reset Date, the Nominal Interest Rate equal to the gross annual nominal fixed rate of 5.50% (*five point five zero percent*) shall again apply, and the Issuer, at the same time as verifying the reset, shall write the consequent notice, in accordance with the procedures set out in Article 17 below, to the Bondholders concerning the said reset of the breached benchmark.
- 5.4. The Issuer undertakes (constituting an "**Issuer's Commitments**", as defined below) to notify the Bondholders and the market in accordance with the ExtraMOT Rules, throughout the life of the Bond Loan and in accordance with the provisions of paragraph 7.2 below of the occurrence of any Step-Up Event (each, a "**Step-Up Notice**").

- 5.5. If on any Calculation Date following the Reset Date another Step-Up Event occurs, the provisions of the preceding paragraphs shall again apply.
- 5.6. Accrued interest will be paid annually in arrears from the Interest Entitlement Date for each year of the term of the loan (each, a "**Payment Date**"). The first payment coupon will represent the Interest accrued from the Interest Entitlement Date (included) to 30 April 2016 (excluded) (the "**First Payment Date**"). The last coupon will represent the Interest accrued during the period between the last Payment Date (included) and, alternatively and as the case may be, (i) the Maturity Date (excluded) or (ii) the Accelerated Redemption Date (as defined below) (excluded).
- 5.7. The amount of each coupon shall be determined by multiplying the Face Value or the Residual Face Value (as defined below) of each Bond by the Nominal Interest Rate. The amount of each coupon shall be rounded up to the nearest cent (€0.005 rounded up to the nearest cent). Interest shall be calculated on the basis of the actual number of days in the relevant Interest Period (as defined below) over the number of days in the calendar year (365, or 366 in a leap year), according to the ACT unadjusted convention, as understood in market practice.
- 5.8. If the Interest Payment Date does not fall on a Business Day (as defined below), it shall be postponed to the first Business Day immediately thereafter, without such postponement resulting in any additional amount being due to Bondholders as a consequence of such postponed payment or the postponement of subsequent Payment Dates.
- 5.9. "**Interest Period**" means the period between one Payment Date (included) and the next Payment Date (excluded), or, (i) in respect of the first Interest Period, the period between the Interest Entitlement Date (included) and the First Payment Date (excluded), and (ii) in respect of the last Interest Period, the period between the last Payment Date (included) and, alternatively and as the case may be, (a) the Maturity Date (excluded) or (b) the Accelerated Redemption Date (as defined below) (excluded), provided that when a Payment Date falls on a day which is not a Business Day and is therefore postponed to the first Business Day thereafter, such postponement shall not be taken into account for the purpose of calculating the actual days of the relevant Interest Period (Following Business Day Convention - unadjusted).
- 5.10. For the purposes of these Rules, the term "**Business Day**" shall mean every calendar day with the sole exclusion of Saturdays, Sundays and other days on which banks are authorised to remain closed in Milan and Rome in order to carry out their normal business activities.
- 5.11. Interest is subject to the tax regime in force from time to time. Past due interest will not in turn bear interest.

## 6. ORDINARY REDEMPTION

- 6.1. Subject to the provisions of Article 8 below, the Bonds will be redeemed up to the Maturity Date for an amount equal to 100% (*one hundred percent*) of their Face Value, on the following dates (the "**Redemption Dates**") with the following repayment instalments (the "**Redemption Instalments**") by amortisation:
- (a) 20% (*twenty percent*) of the Face Value equal to EUR 20,000.00 (*twenty thousand*) for each Bond will be redeemed on 30 April 2017;
  - (b) 20% (*twenty percent*) of the Face Value equal to EUR 20,000.00 (*twenty thousand*) for each Bond, will be redeemed on 30 April 2018;
  - (c) 20% (*twenty percent*) of the Face Value equal to EUR 20,000.00 (*twenty thousand*) per Bond shall be redeemed on 30 April 2019;
  - (d) 20% (*twenty percent*) of the Face Value equal to EUR 20,000.00 (*twenty thousand*) for each Bond will be redeemed on 30 April 2020;
  - (e) 20% (*twenty percent*) of the Face Value, equal to EUR 20,000.00 (*twenty thousand*) per Bond, will be reimbursed on the Maturity Date, i.e. 30 April 2021.

- 6.2. If a Redemption Date does not fall on a Business Day, it shall be postponed to the first Business Day immediately thereafter, without such postponement resulting in any additional amount being due to Bondholders as a consequence of such postponed payment or the postponement of subsequent Redemption Dates.
- 6.3. The term "**Residual Face Value**" shall mean the principal amount of the Bonds not yet redeemed and, therefore, the amount from time to time equal to the difference between the Face Value and the amounts of the Redemption Instalments already made.

## 7. ISSUER'S COMMITMENTS

- 7.1. Throughout the term of the Bond Loan, the Issuer undertakes (as a whole, the "**Issuer's Commitments**"):
- (a) not to significantly change its corporate purpose and not to cease or significantly modify its business as carried on at the Issue Date, by keeping all authorisations, permits and/or licences essential for running the same;
  - (b) until the second Redemption Date in accordance with the preceding paragraph 6.1(b) (*i.e.* 30 April 2018), not to grant and not to establish, pledges, mortgages, privileges or liens (of a real nature) or other collateral security on its assets (excluding finished goods intended for sale and goods purchasable in the ordinary course of business), equity or income (the "**Guarantees**"), except for Permitted Encumbrances (as defined below), *if the* aggregate indebtedness to which such Guarantees are incidental exceeds the aggregate amount of €25,000,000.00 (*twenty-five million*) from time to time. It is understood that the limit referred to in this paragraph 7.1(b) shall no longer apply (and the Issuer shall therefore be free to establish and grant any Guarantee) from the second Redemption Date in accordance with paragraph 6.1(b) *above*, (*i.e.* 30 April 2018), it being understood that, even after such date, the commitments referred to in this paragraph 7.1(b) shall apply again if a Relevant Event occurs and for as long as such Relevant Event is outstanding;
  - (c) until the third Redemption Date in accordance with in accordance with paragraph 6.1(c) *above*, (*i.e.* 30 April 2019), with the exception of the Permitted Transactions (as *defined below*) and in any event subject to respect for the Financial Benchmarks (as *defined below*), not to approve or carry out extraordinary transactions of any nature whatsoever, including, by way of example, extraordinary transactions on its share capital (including reductions of share capital, except in the case of mandatory transactions), the setting up of special assets, corporate transformation transactions, mergers, spin-offs, transfers of shareholdings or companies/business units, acquisitions or sales, leases, transfers or other acts of disposal of companies/business units or shareholdings. It is understood that the limit referred to in this paragraph 7.1(c) will no longer apply (and the Issuer will therefore be free to carry out any of the transactions provided for in this paragraph 7.1(c)) as from the third Redemption Date in accordance with paragraph 6.1(c) (*i.e.* on 30 April 2019 ), it being understood that, even after such date, the commitments under this paragraph 7.1(c) shall apply again if a Relevant Event occurs and for as long as such Relevant Event is outstanding;
  - (d) maintain and ensure maintenance in any case of (i) control, directly or indirectly, pursuant to article 2359, paragraph 1, No. 1 of the Civil Code, of the companies Oxon Asia S.r.l. and Sipcam Agro USA (as they may be renamed from time to time), and (ii) the holding, directly or indirectly, of an equity investment of at least 20% of the share capital of the companies Taixhou Bailly Chem and Jiangyin Suli Chem, except in the event that these equity investments are not sold or exchanged as part of corporate transactions to increase the value of these investments;
  - (e) without prejudice to compliance at all times with the Financial Benchmarks (as *defined below*), (i) not to distribute the available reserves as resulting from the financial statements as of 31 December 2014 and 31 December 2015 (it being understood that the Issuer may freely distribute the related profits for the year); (ii) to distribute the available reserves and the profits for the year resulting from the financial statements as of 31 December 2016, solely to the maximum limit of 75% (seventy-five

*percent*) of said profits and available reserves. It is understood that the Issuer may freely distribute, without limitation, the available reserves and profits resulting from the financial statements as of 31 December 2017, as well as the available reserves and profits resulting from the financial statements for all subsequent financial years, without prejudice to respect at all times for the financial benchmark represented by the ratio between Net Financial Position and Shareholders' Equity as defined in paragraph 7.1(o) below;

- (f) duly comply with the commitments and obligations (including disclosure obligations) imposed on the Issuer by the ExtraMOT Rules - which are referred to herein in their entirety even for the purposes of the Issuer's Commitments - by also undertaking to ensure that its annual financial statements continue to be audited and that the Issuer's rating is maintained and updated from time to time;
- (g) promptly notify the Bondholders in the manner set out in Article 17 - including, and in addition to anything else, a specific notice to the market pursuant to the ExtraMOT Rules - the completion of one or more of the Permitted Transactions (as *defined* below);
- (h) publish, in the manner set out in Article 17 below, its consolidated interim half-yearly reports (to be prepared and approved within 4(*four*) months from the relevant period end date), and on the understanding that the same shall not be subject to audit;
- (i) not to make, for any reason or cause whatsoever, a request for exclusion or withdrawal of the Bonds from trading on ExtraMOT Pro (so-called *delisting*), nor to allow such exclusion or withdrawal to take place;
- (j) ensure that the proceeds deriving from the issue of the Bonds, net of expenses and fees (a) are used to finance exclusively its general cash requirements, including those relating to the development of the business according to the guidelines of the business plan prepared from time to time by the Issuer; (b) are not used to repay, on a voluntary basis and in advance, the financial indebtedness deriving from medium- and long-term loans in place with Unicredit S.p.A.;
- (k) ensure that the payment obligations arising from the Bonds keep a rank at all times at least equally with present or future unsubordinated and unsecured payment obligations, except for claims that are preferential by law and without prejudice to the possibility to establish Guarantees within the limits set forth in paragraph 7.1(b) above and to carry out the transactions permitted by these Rules;
- (l) to carry out its business activities in accordance with recognised practices, in all material aspects of its business and to comply with all laws and regulations relevant to the business it carries out in all locations and countries where it operates and in any case applicable to the Issuer, such as, by way of example, the commitments made to Monte Titoli;
- (m) ensure that all its books and records are correct, truthful, complete, accurate and not misleading in any relevant aspect, and are duly kept in accordance with applicable laws and accounting standards;
- (n) maintain adequate insurance coverage with counterparties of recognised *standing* in relation to its facilities, physical assets or other components of its business against risks deemed to have a significant impact on its ability to continue as a going concern, including Directors & Officers Insurance (D&O);
- (o) maintain and respect, and to ensure maintenance and respect for the following financial benchmarks (the "**Financial Benchmarks**"), as at 31 December of each year of the term of the Bond Loan (each, a "**Reference Date**"), as calculated on the basis of, and as at the date of presentation at the shareholders' meeting (each, a "**Calculation Date**"), the group consolidated financial statements approved by the administrative body of the Company and subject to audit (the "**Financial Statements**"):

$$\frac{\text{Net Financial Position}}{\text{EBITDA}} \leq 5.0 \text{ (five point zero)}$$

$$\frac{\text{Net Financial Position}}{\text{Net Worth}} \leq 1.4 \text{ (one point four)}$$

pursuant to the definitions of financial terms in **Annex A**, it being understood that a breach of this commitment and therefore a Relevant Event (as defined below) will occur with the consequent possibility for the Bondholders to exercise the early redemption option pursuant to Article 8, only if the change in any one (even only one) of the aforesaid Financial Benchmarks results in a deviation of more than 10% (*ten percent*) of the value, without prejudice, in any case, to the provisions of the preceding paragraph 5.2.

7.2. The Issuer also undertakes, without prejudice to the provisions of Article 8 below, to promptly notify Bondholders in the manner set out in Article 17 below (i) on the relevant Calculation Date, of the breach, if any, of one or more of the aforementioned Financial Benchmarks, including the publication (and delivery to the Common Representative - as defined below, if appointed) in each case of the Compliance Certificate (as defined below) and *the* Step-Up Notice (if any), or (ii) at any time during the term of the Bond Loan, of any breach of any of the Issuer's Commitments as well as the occurrence of a Relevant Event (as defined below) except in the case of the Issuer's failure to respect the commitment referred to in paragraph 7.1(o) above, in respect of which only paragraph 7.2 (i) above shall apply, as well as all information necessary for the Bondholders themselves to exercise their rights, including information relating to any changes to such rights, and the occurrence of any breach of the Issuer's obligations under the Regulations. In addition, the Issuer undertakes to publish on its *website*, by the Issue Date, the financial statements and the consolidated financial statements relating to the last two financial years preceding the Issue Date, of which at least the most recent financial statements (financial statements and consolidated financial statements) have been audited by an external auditor pursuant to Legislative Decree No. 39 of 27 January 2010, and to have an external auditor audit them in accordance with said legislative decree and to publish on its *website*, within and no later than 30 (thirty) Business Days from the date of approval, also subject to compliance with the provisions of the ExtraMOT Rules, the financial statements and the consolidated financial statements relating to each financial year following the Issue Date until the total redemption of the Bonds.

7.3. The term "**Permitted Encumbrances**" shall mean:

- (i) the Guarantees existing on the Issue Date of the Bond Loan and the Guarantees replacing the Guarantees existing on the Issue Date;
- (ii) the Guarantees given after the Issue Date to secure soft loans (solely with reference to the economic conditions applied) granted by public entities, multilateral development institutions, development agencies, international organisations and banks or credit institutions
- (iii) acting as an agent for such entities or organisations, provided that such financing is granted in the ordinary course of business of the relevant company, as set out in its Articles of Association;
- (iv) Guarantees on assets to finance the acquisition of the same, provided that the value of the financing guaranteed for the acquisition of the relevant asset does not exceed the value of the asset itself, without prejudice in any event to the borrowing limit set out in the preceding paragraph 7.1(b);
- (v) the Guarantees provided for by law;
- (vi) the Guarantees qualifying as "Permitted Liens" within the meaning of Art. 1 of the Rules of the bond loan "Sipcam Oxon S.p.A. (ex Sipcam S.p.A.) 6.50% 2014 - 2019".



7.4. The term "**Permitted Transactions**" shall mean:

- (i) the listing of the Issuer's shares on a regulated market or on a non-regulated market (including multilateral trading facility such as the AIM Italia market managed by the Italian Stock Exchange);
- (ii) transactions characterised by institutional investments in the Issuer's capital consisting in the acquisition, by a specialised financial investor, of a shareholding in the Issuer's capital, aimed at obtaining a capital gain over a medium/long term period (so-called private equity transactions);
- (iii) any kind of extraordinary transactions (including, by way of example, extraordinary transactions on its share capital, company transformation, merger and spin-off), transactions involving subscription, contribution, sale, purchase or transfer of shareholdings, operations of contribution, sale, purchase, transfer of companies/business units, carried out between the Issuer and
- (a) other companies in the group that are affiliated companies of the Issuer, or parent companies, subsidiaries of, or subject to common control with, the Issuer and/or (b) Sipcam S.p.A. and companies affiliated to it, or companies controlled by, or subject to common control with, Sipcam S.p.A., duly certified by the administrative and control bodies of the companies involved in the above transactions;
- (iv) transactions involving acts of disposal of the equity interests (i) in Taixhou Bailly Chem and Jiangyin Suli Chem, however within the limits set forth in paragraph 7.1(d), as well as (ii) in Oxem - Oxon Energia Mezzana S.p.A.;
- (v) transactions, other than the transactions referred to in the preceding points (iii) and (iv), of sale, assignment, transfer or contribution of (i) equity investments held by the Issuer, if the cumulative value of such transactions is less than € 10,000,000.00 (ten million), as resulting from the book value of the relevant equity investment and (ii) companies and/or business units of the Issuer, if the cumulative value of such transactions is less than € 10,000,000.00 (ten million), as *resulting* from the book value of the relevant assets;
- (vi) transactions, other than the transactions referred to in the preceding points (iii) and (iv), the acquisition of companies, equity investments or business units by the Issuer where the consideration (i) individually in relation to the relevant transaction is less than EUR 5,000,000.00 (five million) and/or (ii) *cumulatively* is less than EUR 25,000,000.00 (twenty-five million);
- (vii) the transfer to third parties of the site located at Via Sempione No. 195, Pero (MI), owned by the Issuer

7.5. "Compliance Certificate" means the statement signed by the Chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors of the Issuer and certified by the Issuer's statutory auditor or by the Issuer's auditing firm, certifying that the Issuer has complied with or has not complied with the Financial Benchmarks on the Reference Date, complete with the calculations necessary to demonstrate such a result, and therefore showing and declaring whether or not a Relevant Event or Step-Up Event has occurred or the relevant benchmark has been reset.

## 8. ACCELERATED REDEMPTION

8.1. Each of the following events constitutes a "**Relevant Event**":

- (a) **change of control**: the occurrence of any event or circumstance (including where deriving from one of the Permitted Transactions) as a result of which the investment in the Issuer's share capital held, directly and/or indirectly (in transparency and even upstream the chain of control) by the current majority shareholders consisting of individuals belonging to the Gagliardini family and the Ciocca family, jointly among themselves, is less than 50.01% (*fifty point zero one percent*) of the Issuer's share capital;
- (b) **Issuer's Commitments**: the failure to comply with any of the Issuer's Commitments referred to in the preceding Article 7, provided that such breach continues for a period of more than 30 (*thirty*)

calendar days, starting (as the case may be) *(i)* from the date on which such breach occurred (which may be manifested - since in any case such prior notice is not necessary for the purposes of an Accelerated Redemption (as defined *below*) - even through the Common Representative (as defined *below*)), or, *(ii)* from the date of the notice referred to in paragraph 7.2 and it being understood that, for the purposes of an Accelerated Redemption, the expiry of the said period shall not be necessary if the breach is irremediable (constituting an immediate Relevant Event by reason of it being irremediable) or the event itself constitutes a different Relevant Event referred to in this Article;

- (c) **non-payment:** the Issuer's failure to pay, when due, any sum due in respect of the Bonds, whether by way of principal or interest, it being understood that a default will not occur as long as such non-payment lasts for a period of less than 5 (five) calendar *days* and is due to documented and objective reasons of a technical nature;
- (d) **insolvency procedures and crises:** *(i)* the submission to the Issuer of a petition aimed at ascertaining insolvency and having the Issuer declared insolvent, pursuant to Article 5 of R.D. No. 267 of 16 March 1942, (the "**Bankruptcy Law**"), or pursuant to other legislation applicable to the Issuer, and/or the commencement of bankruptcy or other insolvency proceedings in relation to the Issuer pursuant to the Bankruptcy Law or other applicable legislation; or *(ii)* the loss of the Issuer's ability to continue as a going concern, even attested by the auditor or auditing firm, or the inability to express an opinion in this regard (including the issuance of a particularly serious report); *(iii)* the filing of an application by the Issuer with the competent court for composition with creditors pursuant to Article 161 (including paragraph 6) of the Bankruptcy Law or an application for approval of an agreement to restructure its debts pursuant to Article 182-bis of the Bankruptcy Law; *(iv)* the formalisation of a reorganisation plan of the Issuer pursuant to article 67, paragraph 3, letter (d) of the Bankruptcy Law; *(v)* the Issuer's initiation of negotiations with even only one of its creditors in order to obtain moratoriums and/or agreements for the restructuring and/or rescheduling of debts for an amount exceeding € 10,000,000.00 (ten million) and/or out-of-court settlements and/or in order to sell assets to its creditors pursuant to Article 1977 of the Italian Civil Code;
- (e) **liquidation:** the occurrence of any cause for the dissolution of the Issuer pursuant to Article 2484 of the Civil Code or the adoption of a resolution by the competent body of the Issuer to put the Issuer into liquidation or the cessation of all or a substantial part of the Issuer's business;
- (f) **audit certification:** the failure of the auditor or the appointed auditing company to obtain an audit report on the Issuer's annual financial statements or to obtain a report covering *(i)* the inability to express an opinion on them; or *(ii)* particularly serious findings;
- (g) **delisting:** the exclusion or withdrawal of the Bonds from trading on ExtraMOT Pro, for any reason or cause whatsoever;
- (h) **cross default:** the occurrence of a breach by the Issuer of any of the payment obligations (other than those arising out of the Bonds) arising out of any financial indebtedness of the Issuer (meaning any present, future, actual or potential obligation contracted and relating to the payment or repayment of money borrowed or raised), provided that the amount of such payment obligations exceeds EUR 750,000.00 (seven hundred and fifty thousand) *per* individual obligation;
- (i) **significant adverse events:** the occurrence of an event whose direct or indirect consequences may adversely affect the Issuer's financial standing, assets or business in such a way as to significantly impair the Issuer's ability to duly fulfil its obligations under the Bond Loan;
- (j) **Invalidity or illegitimacy:** the occurrence of any event as a result of which one or more of the Issuer's material obligations under these Rules becomes invalid, illegitimate, or ceases to be effective or enforceable.

- 8.2. Even in advance of the Maturity Date and of each Redemption Date, upon the occurrence of a Relevant Event and, in any case, only upon prior resolution of the Bondholders' Meeting, the Bondholders shall have the right to request the Issuer, through the Common Representative (as defined below), if appointed, or the person appointed for this purpose by the Bondholders' Meeting, for early redemption of the Bonds (the "**Accelerated Redemption**") - for 100% (one hundred percent) of their Face Value or (as the case may be) for 100% (one hundred percent) of their Residual Face Value together with the relevant Interest accrued and not yet paid - by means of a written request (the "**Accelerated Redemption Request**") to be sent to the Issuer, by certified electronic mail (certified email), and to the Participating Intermediary with which the Bonds are deposited, at least 10 (ten) Business Days prior to the relevant Accelerated Redemption Date (as defined below).
- 8.3. In the event that the Bondholders' meeting resolves to proceed with an Accelerated Redemption Request, the same shall contain a specific indication of the event giving rise to a cause for Accelerated Redemption as well as the date (falling on a Business Day) on which, as decided by the Bondholders, such Accelerated Redemption is to take place (the "**Accelerated Redemption Date**"). It is understood that the Accelerated Redemption Date shall not fall before the tenth Business Day following the date on which the Accelerated Redemption Request is sent.
- 8.4. The payment of the amounts due to the Bondholders as a result of the Accelerated Redemption referred to in paragraph 8.2 above shall take place, without any charge or cost to the Bondholders, on such Accelerated Redemption Date, it being understood that following the Accelerated Redemption Request the amounts due from the Issuer in respect of the Bonds shall become immediately collectable and payable in respect of both principal and Interest on the Accelerated Redemption Date.
- 8.5. By the 2nd (second) Business Day thereafter, the Issuer must promptly notify all Bondholders (through the Common Representative and through Monte Titoli and the Participating Intermediaries) both by means of a specific notice to the market pursuant to the ExtraMOT Regulations, and in general in compliance with the provisions of article 17 below and the applicable provisions of the ExtraMOT Regulations, that the Accelerated Redemption Request has been received, indicating, inter alia, the Relevant Event and the Accelerated Redemption Date chosen by the Bondholders.
- 8.6. The Bonds shall cease to bear interest from the Accelerated Redemption Date.

#### **9. EARLY REDEMPTION AND COMMON RULES FOR THE REDEMPTION OF THE BOND LOAN**

- 9.1. As from the second Redemption Date in accordance with paragraph 6.1(b) (*i.e.* 30 April 2018), the Company may redeem the Bond Loan early and in full by giving 15 (fifteen) Business Days' prior notice to Bondholders prior to the day on which such early redemption is to take place (the "**Early Redemption Date**"). The redemption price will be equal to 101.5% (*one hundred and one point five percent*) of the residual Face Value of the Bond Loan at the date of exercise of the voluntary early redemption, plus accrued Interest, not yet paid, up to the Early Redemption Date, *pro rata temporis*.
- 9.2. This is without prejudice, however, to the Issuer's right to offer Holders repurchase of the Bonds before maturity if the repurchase offer is addressed to all Bondholders on equal terms. Once repurchased, the Bonds may be kept, resold or cancelled, as decided by the Issuer.
- 9.3. Payments due to Bondholders under these Rules will be subject to tax provisions and/or other laws and regulations applicable in the place of payment.

#### **10. LOAN SERVICE**

The payment of Interest and the repayment of the principal of the Bonds shall be made exclusively through the Participating Intermediaries.

## **11. STATUS OF THE BONDS**

The Bonds constitute direct, general and unsubordinated obligations of the Issuer and shall at all times be deemed to rank *pari passu* with each other and with other present and future non-preferential obligations of the Issuer.

## **12. CALCULATION AGENT**

- 12.1. The functions of calculation agent shall be performed by the Issuer.
- 12.2. The calculations and determinations of the Issuer shall be made in accordance with these Rules and, in the absence of manifest error, shall be final, conclusive and binding on the Bondholders.

## **13. PRESCRIPTION DEADLINES AND FORFEITURE**

- 13.1. The right to payment of the principal amount carried by the Bonds is time-barred after 10 (*ten*) years from the date on which the Bond became redeemable.
- 13.2. The right to payment of the Interest due in respect of the Bonds shall expire *five (5)* years after the date on which such Interest is due.

## **14. BONDHOLDERS' MEETING**

- 14.1. For safeguarding the common interests of the Bondholders, the provisions of Articles 2415 et seq. of the Civil Code apply. The Bondholders' meeting shall be called in accordance with the provisions of the Articles of Association for the calling of extraordinary shareholders' meetings, duly supplemented, where not already provided for in the Articles of Association, by the publication in the Official Gazette of the Italian Republic and (at the same time) on the Issuer's website, ([www.sipcam-oxon.com](http://www.sipcam-oxon.com), "investor relations" section) of a specific notice to Bondholders. The rules on dematerialised securities set out in Italian Consolidated Law on Finance also apply.
- 14.2. The common representative of the Bondholders (the "**Common Representative**") is appointed in accordance with the law.
- 14.3. Individual Bondholders shall be entitled to inspect the book of meetings and resolutions of the Bondholders' meeting, which shall be kept by the Company, in accordance with applicable provisions, at the registered office of the Company.

## **15. CHANGES TO THE RULES**

Any changes to these Rules as well as the waiver of the provisions of the preceding Article 8 or the prior consent to the transactions provided for in Article 7, may only be adopted with the consent of the Bondholders meeting which, altogether, represent at least 51% (*fifty-one percent*) of the Bonds in circulation.

## **16. FISCAL REGIME**

- 16.1. Interest and other income and capital gains shall be subject to the tax regime in force from time to time. However, the Bondholders shall bear any present or future taxes and duties the Bonds may be subject to.
- 16.2. The tax regime set forth in Legislative Decree No. 239/96 applies to the Bonds.

## **17. MISCELLANEOUS**

- 17.1. All communications by the Issuer to the Bondholders, as well as the required communications provided for by

the rules and regulations applicable to the Issuer, shall be made by means of a notice published on the Issuer 's website ([www.sipcam-oxon.com](http://www.sipcam-oxon.com), "investor *relations*" section) and - *without prejudice* to the provisions of paragraph 14.1 above - in the other ways provided for by the regulations applicable to the Bonds.

- 17.2. Without prejudice to the provisions of the preceding paragraph, the Issuer may - in addition to the various methods provided for above - make certain communications to Bondholders (where this is possible in compliance with the requirements of clarity and fair and timely information) even through Monte Titoli and its centralised management system.
- 17.3. All communications to the Issuer required or permitted by the provisions of these Rules shall be put in writing and shall be deemed to be effectively and validly sent upon receipt thereof, if sent by registered letter with return receipt, or upon acknowledgement of receipt by means of an appropriate statement (including a certificate automatically issued by the fax machine), if faxed, or by certified electronic mail (certified email), provided that they are addressed as follows: **SIPCAM OXON S.p.A.**, Via Sempione No. 195, (20016), Pero (MI), fax: (02) 339-0275, certified email [oxonitalia@legalmail.it](mailto:oxonitalia@legalmail.it), or at the various addresses that the Company undertakes to provide in accordance with the above provisions, it being understood that the Issuer also elects its domicile at such addresses for all purposes relating to these Rules, including any judicial notifications.
- 17.4. The Issuer undertakes to comply with the disclosure requirements set out in the ExtraMOT Rules applicable to the Bonds. In particular, the Issuer will notify the market without delay, pursuant to the ExtraMOT Rules, of the occurrence of any event of early redemption of the Bond Loan or any other circumstance requiring appropriate disclosure to the market (including of a price sensitive nature) pursuant to the ExtraMOT Rules as applicable to ExtraMOT Pro.
- 17.5. The subscription, purchase and possession of the Bonds referred to in these Rules implies the knowledge and full acceptance of all the terms and conditions of these Rules. To this end, these Rules will be filed at the Issuer's registered office and will be published on its website *in the "investor relations" section*.

## **18. APPLICABLE LAW AND JURISDICTION**

- 18.1. The *Bond Loan* and these Rules are governed by Italian law, which also applies to anything not provided for in these Rules. References in these Rules to statutory provisions shall be construed as references to such provisions as may be in force from time to time.
- 18.2. Any dispute relating to the Bond Loan and the provisions contained in these Rules which may arise between the Issuer and the Bondholders shall be submitted to the exclusive jurisdiction of the Court of Milan.

## Annex A

### DEFINITIONS OF FINANCIAL TERMS

The value of "Net Financial Position (NFP)" is calculated on the basis of the following table, taking into account the values of the financial statements prepared in accordance with national accounting standards and submitted for certification:

**(A) Liquid assets (A1+A2+A3):**

- (A1) Bank and post office deposits
- (A2) Cheques
- (A3) Cash and cash equivalents

**(B) Financial receivables\* (B1+B2+B3):**

- (B1) Receivables from subsidiaries (within and beyond the next financial year)
- (B2) Receivables from associated companies (within and beyond the next financial year)
- (B3) Receivables from parent companies (within and beyond the next financial year)

\*The financial nature of the receivables under items B1, B2 and B3 will be determined on the basis of the information provided in the explanatory notes;

**(C) Financial Assets that do not constitute fixed assets**

**(D) Financial payables (D1+D2+D3+D4+D5+D6):**

- (D1) Bonds (within and beyond the next financial year)
- (D2) Convertible bonds (within and beyond the next financial year)
- (D3) Payables to shareholders for loans (within and beyond the next financial year)
- (D4) Payables to banks (within and beyond the next financial year)
- (D5) Payables to other lenders (within and beyond the next financial year)
- (D6) Residual debt for leasing

**(E) Other financial payables\* (E1+E2+E3):**

- (E1) Payables to subsidiaries (within and beyond the next financial year)
- (E2) Payables to associated companies (within and beyond the next financial year)
- (E3) Payables to parent companies (within and beyond the next financial year)

\*The financial nature of the payables under items E1, E2 and E3 will be determined on the basis of the information provided in the explanatory notes. In case of doubt or lack of specification they will automatically be considered as financial;

**(A+B+C+D+E) net financial position**

*"Net Financial Position (NFP)" is defined as the value of the "Net Financial Indebtedness" in the previous table, assumed in absolute value, with a positive sign and increased by the residual value of the debt deriving from financial leasing contracts.*

"EBITDA" means, in relation to the Group and on the basis of the results of the annual consolidated financial statements, the algebraic sum of the following items of the Income Statement pursuant to Article 2425 of the Italian Civil Code:

- (+) A) value of production;
- (-) B) production costs;
- (+) production costs for the use of third-party assets referred to in paragraph 8) of letter B) (only for the part relating to rentals for financial or operating leases of assets used under lease, assuming that the financial statements are not prepared in accordance with IAS 17);
- (+) depreciation/amortisation and write-downs referred to in paragraph 10) of letter B), referring only to:
  - a) amortisation of intangible assets;
  - b) depreciation of tangible assets;
  - c) other write-downs of fixed assets
  - d) write-downs of receivables included in current assets and liquid assets.

"Net Worth" means the sum of "Total net worth" resulting from the following items:

Group net worth

- I - Capital
- II - Share premium reserve
- III - Revaluation reserve
- IV - Legal reserve
- V - Statutory reserves
- VI - Other reserves, indicated separately
- VII - Profits (losses) carried forward
- VIII - Profit (loss) for the year

Net worth pertaining to Third Parties

- Capital and reserves pertaining to third parties
- Profit (loss) for the year attributable to minority interest

*Net Worth" is defined as "Total net worth" included in "Balance sheet liabilities" net of the item "Reserve for own shares in portfolio" and "Receivables from shareholders for payments still due" included in "Balance sheet assets".*