PROSPECTUS

UNICREDITO ITALIANO S.p.A.

(incorporated with limited liability as a *Società per Azioni* in the Republic of Italy under registered number 00348170101)

and

UNICREDITO ITALIANO BANK (IRELAND) p.l.c.

(incorporated with limited liability in Ireland under registered number 240551)

unconditionally and irrevocably guaranteed by

UNICREDITO ITALIANO S.p.A.

in the case of Notes issued by UniCredito Italiano Bank (Ireland) p.l.c.

€60,000,000,000

Euro Medium Term Note Programme

*Under this €60,000,000,000 Programme (the **Programme**), UniCredito Italiano S.p.A. (**UniCredito** or the **Parent**) and UniCredito Italiano Bank (Ireland) p.l.c. (**UCI Ireland**)* (an ***Issuer*** *and together with UniCredito, the **Issuers**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the relevant Issuer and the relevant Dealer (as defined below). The payment of all amounts due in respect of Notes issued by UCI Ireland (the **Guaranteed Notes**) will be unconditionally and irrevocably guaranteed by UniCredito (in such capacity, the **Guarantor**).*

*Notes may be issued in bearer or registered form (respectively **Bearer Notes** and **Registered Notes**). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €60,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein.*

Notes issued under the Programme will have a minimum denomination of €1,000.

*The Notes may be issued on a continuing basis to one or more of the Dealers specified under "Summary of the Programme" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Prospectus to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.*

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

*Applications have been made to the Commission de Surveillance du Secteur Financier (the **CSSF**) in its capacity as competent authority under the laws of Luxembourg, for the approval of this document as two base prospectuses in accordance with article 5.4 of the Prospectus Directive and article 8.4 of the Luxembourg Law dated 10 July, 2005 on prospectuses for securities. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market (as contemplated by Directive 2004/39/EC) and to be listed on the official list of the Luxembourg Stock Exchange.*

*Application may also be made for notification to be given to competent authorities in other Member States of the European Economic Area in order to permit Notes issued under the Programme to be offered to the public and admitted to trading on regulated markets in such other Member States in accordance with the procedures under Article 18 of Directive 2003/71/EC (the **Prospectus Directive**).*

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

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuers, the Guarantor and the relevant Dealer. The Issuers may also issue unlisted Notes and/or Notes not admitted to trading on any market.

*As more fully set out in "Terms and Conditions of the Notes – Taxation", in the case of payments by UniCredito as Issuer or (in the case of Guaranteed Notes) as Guarantor, additional amounts will not be payable to holders of the Notes or of the interest coupons appertaining to the Notes (the **Coupons**) with respect to any withholding or deduction pursuant to Italian Legislative Decree No. 239 of 1 April, 1996 (as amended or supplemented) and related regulations of implementation which have been or may subsequently be enacted (**Decree 239**). In addition, certain other (more customary) exceptions to the obligation of the relevant Issuer and (in the case of Guaranteed Notes) the Guarantor to pay additional amounts to holders of the Notes with respect to the imposition of withholding or deduction from payments relating to the Notes also apply, also as more fully set out in "Terms and Conditions of the Notes – Taxation".*

Except with respect to the information set out in this Prospectus under the heading "Book-entry Clearance Systems", each of UniCredito and (insofar as the contents of this Prospectus relate to it) UCI Ireland, having made all reasonable enquiries, confirms that this Prospectus contains or incorporates all information which is material in the context of the issuance and offering of Notes, that the information contained or incorporated

in this Prospectus is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Prospectus are honestly held and that there are no other facts the omission of which would make this Prospectus or any of such information or the expression of any such opinions or intentions misleading. UniCredito and UCI Ireland accept responsibility accordingly.

Except with respect to the information included in this Prospectus under the heading "Book-entry Clearance Systems", each of the Issuers accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of each of the Issuers, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

*The information relating to each of the Depository Trust Company (**DTC**), Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) has been accurately reproduced from information published by each of DTC, Euroclear and Clearstream, Luxembourg respectively. So far as each of UniCredito and UCI Ireland is aware and is able to ascertain from information published by the Clearing Systems, no facts have been omitted which would render the reproduced information misleading.*

The Issuers and the Guarantor may agree with any Dealer and the Trustee (as defined herein) that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplement to this Prospectus, if required, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Arranger
UBS Investment Bank

Co-Arranger
UniCredit (HVB)

Dealers

ABN AMRO
BNP PARIBAS
Credit Suisse
Dresdner Kleinwort
JPMorgan
Merrill Lynch International
Société Générale Corporate & Investment Banking
UniCredit (HVB)
Barclays Capital
CALYON Crédit Agricole CIB
Deutsche Bank
Goldman Sachs International
Lehman Brothers
Morgan Stanley
UBS Investment Bank

The date of this Prospectus is 12 November, 2007.

This document constitutes two base prospectuses: (a) the base prospectus for UniCredito in respect of non-equity securities within in the meaning of Article 22 No. 6 (4) of the Commission Regulation (EC) No. 809/2004 of 29 April, 2004 (Non-Equity Securities); and (b) the base prospectus for UCI Ireland in respect of Non-Equity Securities (together, the Prospectus).

The Issuers and the Guarantor (the Responsible Persons) accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Responsible Persons, each having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect its import.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Prospectus (and, therefore, acting in association with the relevant Issuer) in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer(s) or Managers and the persons named in or identifiable following the applicable Final Terms as the Financial Intermediaries, as the case may be.

Copies of the Final Terms will be available from the registered office of the relevant Issuer and the specified office set out below of each of the Paying Agents (as defined below) and on the website of the Luxembourg Stock Exchange, *www.bourse.lu*.

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

Neither the Dealers or any of their respective affiliates nor the Trustee have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or by any of their respective affiliates or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or of any other information provided by the Issuers or the Guarantor in connection with the Programme. No Dealer or any of their respective affiliates or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuers or the Guarantor in connection with the Programme.

This Prospectus contains industry and customer-related data as well as calculations taken from industry reports, market research reports, publicly available information and commercial publications. It is hereby confirmed that (a) to the extent that information reproduced herein derives from a third party, such information has been accurately reproduced and (b) insofar as the Issuers are aware and are able to ascertain from information derived from a third party, no facts have been omitted which would render the information reproduced inaccurate or misleading.

The following sources of information, among others, have been used:

(a) Bank of Italy: data used for UniCredito's internal estimate of the market shares for loans and direct deposits held in Italy; data on the Italian banking market, in particular the number of active bank branches and financial promoters;

(b) Italian association of asset managers (*Assogestioni – Associazione del Risparmio Gestito*): data used for UniCredito's internal estimates of market shares in mutual funds in Italy;

(c) Italian Banking Association (*ABI – Associazione Bancaria Italiana*): data used for UniCredito's internal estimates of market shares in direct deposits in Italy.

Commercial publications generally state that the information they contain originates from sources assumed to be reliable, but that the accuracy and completeness of such information is not guaranteed, and that the calculations contained therein are based on a series of assumptions. External data have not been independently verified by the Issuers.

No person is or has been authorised by the Issuers, the Guarantor or the Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers, the Guarantor, the Dealers or the Trustee.

Neither this Prospectus nor any other information supplied in connection with the Programme or with any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuers, the Guarantor, any of the Dealers or the Trustee that any recipient of this Prospectus or of any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the relevant Issuer and/or the Guarantor. Neither this Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuers, the Guarantor, any of the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuers and the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuers or the Guarantor during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Prospectus when deciding whether or not to purchase any Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the Securities Act), and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (see "*Subscription and Sale and Transfer and Selling Restrictions*"). See "*Form of the Notes*" for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, see "*Subscription and Sale and Transfer and Selling Restrictions*".

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuers, the Guarantor, the Dealers and the Trustee do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuers, the Guarantor, the Dealers or the Trustee which is intended to permit a public offering of any Notes outside Luxembourg or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, Japan and the European Economic Area (including the United Kingdom, the Republic of Italy, Ireland, Luxembourg, France and the Netherlands). See "*Subscription and Sale and Transfer and Selling Restrictions*".

This Prospectus has been prepared on the basis that, except to the extent subparagraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the relevant Issuer, the Guarantor or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and

(in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by Final Terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent subparagraph (ii) above may apply, none of the Issuers, the Guarantor nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuers, the Guarantor or any Dealer to publish or supplement a prospectus for such offer.

This Prospectus has not been submitted for clearance to the *Autorité des marchés financiers*.

U.S. INFORMATION

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. Any representation to the contrary is unlawful.

This Prospectus may be distributed on a confidential basis in the United States to a limited number of "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act (**QIBs**) or Institutional Accredited Investors (as defined under "*Form of the Notes*") for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Registered Notes may be offered or sold within the United States only to QIBs or to Institutional Accredited Investors, in either case in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Registered Notes is hereby notified that the offer and sale of any Registered Notes to it may be being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act (**Rule 144A**).

Purchasers of Definitive IAI Registered Notes will be required to execute and deliver an IAI Investment Letter (as defined under "*Terms and Conditions of the Notes*"). Each purchaser or holder of Definitive IAI Registered Notes, Notes represented by a Rule 144A Global Note or of any Notes issued in registered form in exchange or substitution therefor (together **Legended Notes**) will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in "*Subscription and Sale and Transfer and Selling Restrictions*". Unless otherwise stated, terms used in this paragraph have the meanings given to them in "*Form of the Notes*".

Notice to New Hampshire Residents

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Available Information

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are "restricted securities" within the meaning of the Securities Act, the Issuers and the Guarantor have undertaken in a deed poll dated 12 November, 2007 (the **Deed Poll**) to furnish, upon the request of a

holder of such Notes or of any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the relevant Issuer is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the **Exchange Act**), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

Service of Process and Enforcement of Civil Liabilities

The Issuers and the Guarantor are corporations organised under the laws of Ireland (in the case of UCI Ireland) and the Republic of Italy (in the case of UniCredito). All of the officers and directors named herein reside outside the United States and all or a substantial portion of the assets of each Issuer and the Guarantor and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside Ireland (in relation to UCI Ireland) or the Republic of Italy (in relation to UniCredito) upon the relevant Issuer or the Guarantor or such persons, or to enforce judgments against them obtained in courts outside Ireland (in relation to UCI Ireland) or the Republic of Italy (in relation to UniCredito) predicated upon civil liabilities of such Issuer or the Guarantor or of such directors and officers under laws other than Irish law (in relation to UCI Ireland) or Italian law (in relation to UniCredito), including any judgment predicated upon United States federal securities laws.

All references in this document to **U.S. dollars, U.S.$** and **$** refer to the currency of the United States of America and references to **Sterling** and **£** refer to pounds sterling. In addition, references to **euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community (the **EC Treaty**), as amended.

Contents

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

General Description of the Programme

Under the Programme, each of the Issuers may from time to time issue Notes denominated in any currency, subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the relevant Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as modified and amended by Part A of the applicable Final Terms attached to, or endorsed on, such Notes, as more fully described under "*Form of the Notes*" below.

This Prospectus and any supplement will only be valid for listing Notes on the Luxembourg Stock Exchange during the period of 12 months from the date of this Prospectus in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed €60,000,000,000 or its equivalent in other currencies. For the purpose of calculating the euro equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

(a) the euro equivalent of Notes denominated in another Specified Currency (as defined in the applicable Final Terms) shall be determined, at the discretion of the relevant Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of euro against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation;

(b) the euro equivalent of Dual Currency Notes, Index Linked Notes and Partly Paid Notes shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and

(c) the euro equivalent of Zero Coupon Notes and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the relevant Issuer for the relevant issue.

Summary of the Programme

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

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this summary.

The following summary is qualified in its entirety by the remainder of this Prospectus.

Issuers:	UniCredito Italiano S.p.A. (**UniCredito**) UniCredito Italiano Bank (Ireland) p.l.c. (**UCI Ireland**) UniCredito is a bank corporation organised and existing under the laws of Italy and is the parent holding company of the UniCredito Group (the **Group**), a full-service financial services group engaged in a wide range of banking, financial and related activities throughout Italy and certain Central and Eastern European countries. Its registered office is at Via Minghetti 17, 00187, Rome, and has fiscal code and VAT number 00348170101. UniCredito's principal centre of business is at Piazza Cordusio 2, 20123, Milan, telephone number +39 02 8862 8136 (*Investor Relations*). UCI Ireland is a public limited company registered with the Registrar of Companies in Dublin under registration number 240551 and has its registered office at La Touche House, International Financial Services Centre, Dublin 1, telephone number +353 1 670 2000. UCI Ireland is a fully owned subsidiary of UniCredito and is engaged in the business of banking and the provision of financial services.
Guarantor:	Notes issued by UCI Ireland will be guaranteed by UniCredito.
Risk Factors:	*The Issuers* There are certain factors that may affect the Issuers' ability to fulfil their obligations under Notes issued under the Programme. The current structure of the Group has been significantly influenced by the acquisition by UniCredito of Hypo Vereinsbank (**HVB**) and UniCredito is still in the process of integrating HVB and its subsidiaries (the **HVB Group**) into the Group. Furthermore, UniCredito has recently completed the business combination with Capitalia S.p.A. (**Capitalia**) and its subsidiaries (the **Capitalia Group**), which UniCredito will proceed to integrate into the business organisation. A key part of the strategy of UniCredito is to use the synergies from the terms of the aggregation with HVB and Capitalia to strengthen its competitive position in the markets in which the Group operates. However, there can be no assurance that UniCredito will be able to successfully restructure its operations to complete the integration of HVB and to integrate Capitalia or other companies that the Group has acquired or will acquire in the future. For example, UniCredito may not be able to achieve all of the operating efficiencies and other synergies that were originally planned, UniCredito's integration and restructuring efforts may

require greater amounts of time and resources than initially budgeted and these efforts may prove to be a distraction for the management of UniCredito. If UniCredito fails or is delayed in restructuring its operations or in integrating HVB and Capitalia into the Group, UniCredito could lose some or all of the value it expects to derive from its acquisition of HVB and Capitalia and their respective subsidiaries, which could have a material adverse effect on its business, results of operations and financial condition.

In addition, during 2005 and 2006 and the first ten months of 2007, UniCredito concluded or negotiated a number of acquisition agreements, including significant acquisitions in Italy, Germany and in Central and Eastern Europe countries (**CEE**), and the integration of these acquisitions has and will involve integration challenges, particularly where management information and accounting systems differ materially from those used elsewhere in the Group. There are also significant risks associated with doing business in CEE: there are significant differences in the nature of these risks from one country to another, but they generally include comparatively volatile economic, foreign exchange and stock market conditions, as well as in many cases, less developed political, financial and legal infrastructures.

The results of the Group are affected by general economic, financial and other business conditions. During recessionary periods, there may be less demand for loan products and a greater number of the Group's customers may default on their loans or other obligations. Interest rate rises may also have an impact on the demand for mortgages and other loan products. Fluctuations in interest rates in Europe and in the other markets in which the Group operates influence the Group's performance.

The Notes

Holders of the Notes issued under the Programme are exposed to several risks in relation to the Notes, for example risks of change in currency exchange rates, liquidity risks, risks of early redemption, risks of change in market interest rates, and risks of volatile market price or indexes or underlying assets in the case of Index Linked Notes, and risks of deferral of interest payments having an adverse effect on market price in the case of Subordinated Notes and the fact that the Notes may not be a suitable investment for all investors.

Description:	Euro Medium Term Note Programme
Arranger:	UBS Limited
Co-Arranger:	Bayerische Hypo- und Vereinsbank AG
Dealers:	ABN AMRO Bank N.V. Barclays Bank PLC Bayerische Hypo- und Vereinsbank AG BNP PARIBAS CALYON Credit Suisse Securities (Europe) Limited Deutsche Bank AG, London Branch Dresdner Bank Aktiengesellschaft Goldman Sachs International J.P. Morgan Securities Ltd. Lehman Brothers International (Europe) Merrill Lynch International Morgan Stanley & Co. International plc Société Générale

	UBS Limited and any other Dealers appointed from time to time in accordance with the Fifth Amended and Restated Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale and Transfer and Selling Restrictions*") including the following restrictions applicable at the date of this Prospectus.
Issuing and Principal Paying Agent:	Citibank, N.A., London Branch or such other agent(s) specified in the applicable Final Terms.
Programme Size:	Up to €60,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuers and the Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Rule 144A Option:	Registered Notes may be freely traded amongst "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act (**QIBs**) in accordance with Rule 144A.
Institutional Accredited Investor Option:	Registered Notes may be privately placed with Institutional Accredited Investors pursuant to Regulation D and may be traded in accordance with Section 4 of the Securities Act.
Trustee:	Citicorp Trustee Company Limited. The Trustee provides professional trustee services and will act as trustee under the Trust Deed for the benefit of the Noteholders, the Receiptholders and the Couponholders.
Registrar:	Citibank, N.A., London Branch.
Transfer Agents:	Citibank, N.A., London Branch and Kredietbank S.A. Luxembourgeoise.
Currencies:	Subject to any applicable legal or regulatory restrictions, Notes may be denominated in any currency agreed between the Issuers and the relevant Dealer (as indicated in the applicable Final Terms). Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.
Subordinated Notes:	Subordinated Notes issued by UniCredito may be issued as Lower Tier II Subordinated Notes, Upper Tier II Subordinated Notes or Tier III Subordinated Notes. Subordinated Notes issued by UCI Ireland may be issued as Lower Tier II Subordinated Notes or Upper Tier II Subordinated Notes.
Redenomination:	The applicable Final Terms may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in Condition 6.
Maturities:	The Notes will have such maturities as may be agreed between the relevant Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or by any laws or regulations applicable to the Issuer or the relevant Specified Currency.

Unless otherwise permitted by current laws, regulations, directives and/or the Bank of Italy's requirements applicable to the issue of Subordinated Notes by UniCredito, (a) Upper Tier II Subordinated Notes must have a minimum maturity of ten years, (b) Lower Tier II Subordinated Notes must have a minimum maturity of five years and (c) Tier III Subordinated Notes must have a minimum maturity of two years.

In the case of Subordinated Notes issued by UCI Ireland, unless otherwise permitted by current laws, regulations, directives and/or the Irish Financial Services Regulatory Authority's (**IFSRA**) requirements applicable to the issue of Subordinated Notes, (a) Lower Tier II Subordinated Notes having a stated maturity must have a minimum maturity of at least five years (or, if issued for an indeterminate duration, redemption of such Notes may only occur subject to five years' notice of redemption being given or with IFSRA's consent, which will only be given where the request is made at UCI Ireland's initiative and UCI Ireland's solvency is not in question) and (b) Upper Tier II Subordinated Notes must be of indeterminate duration.

Issue Price: Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

Form of Notes: The Notes may be issued in bearer or registered form as described in "*Form of the Notes*". Notes may not be issued or sold in the United States in bearer form.

Fixed Rate Notes: Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuers and the relevant Dealer(s).

Floating Rate Notes: Floating Rate Notes will bear interest at a rate determined:

(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or

(b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or

(c) on such other basis as may be agreed between the Issuers and the relevant Dealer.

The Margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes, as indicated in the applicable Final Terms.

Index Linked Notes: Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuers and the relevant Dealer(s) may agree (as indicated in the applicable Final Terms).

Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes: Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be

calculated on the basis of such Day Count Fraction as may be agreed between the Issuers and the relevant Dealer(s) (as indicated in the applicable Final Terms).

Dual Currency Notes: Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuers and the relevant Dealer(s) may agree (as indicated in the applicable Final Terms).

Zero Coupon Notes: Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Credit Linked Notes: The amount of principal and/or interest (if any) payable in respect of Credit Linked Notes will be dependent on whether a Credit Event in respect of the Reference Entity has occurred (as indicated in the applicable Final Terms). The Issuer may also issue First-to-Default Credit Linked Notes. The amount of principal and/or interest (if any) payable in respect of First-to-Default Notes will be dependent on whether a Credit Event in respect of two or more Reference Entities has occurred in relation to the first of any such Reference Entities (as indicated in the applicable Final Terms).

Redemption: The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders. The terms of any such redemption, including notice periods, any relevant conditions to be satisfied and the relevant redemption dates and prices will be indicated in the applicable Final Terms.

In the case of Upper Tier II Subordinated Notes issued by UniCredito, redemption at maturity may occur only with the prior approval of the Bank of Italy, which will take into account whether UniCredito maintains its minimum capital requirements (*patrimonio di vigilanza*) as set out in Title I, Chapter 2, of the Bank of Italy note n. 263 of 27 December, 2006 (*Nuove disposizioni di vigilanza prudenziale per le banche*) immediately following redemption of such Notes.

In the case of Subordinated Notes issued by UniCredito, early redemption may occur only at the option of UniCredito and with the prior approval of the Bank of Italy.

In the case of Subordinated Notes issued by UCI Ireland, (a) Upper Tier II Subordinated Notes (which will have no stated maturity) may only be redeemed on the initiative of UCI Ireland and with the prior agreement of IFSRA, (b) Lower Tier II Subordinated Notes having a stated maturity (which must be at least five years) may be redeemed on their Maturity Date or, if of indeterminate duration, may be redeemed where five years' notice of redemption has been given, otherwise Lower Tier II Subordinated Notes may only be redeemed with IFSRA's consent, which will only be given where the request is made at UCI Ireland's initiative and UCI Ireland's solvency is not in question.

The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

Denomination of Notes: The Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent

	body) or by any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions – Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency) and save that any Notes issued by UCI Ireland that: (i) will not be listed on any stock market and that mature within two years will have a minimum denomination of €500,000 or U.S.$500,000 or, in the case of Notes which are denominated in a currency other than euro or U.S. dollars, the equivalent in that other currency of €500,000 (such amount to be determined by reference to the relevant rate of exchange at the date of the first publication of this Programme); and (ii) will not be listed on any stock exchange and that do not mature within two years will have a minimum denomination of €500,000 or its equivalent at the date of issuance.
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by (a) the Republic of Italy, in the case of Notes issued by UniCredito and Guaranteed Notes and (b) Ireland, in the case of Notes issued by UCI Ireland, as further described in "*Terms and Conditions of the Notes – Taxation*" and under "*Taxation*".
Absence of Negative Pledge:	The terms of the Notes will not contain a negative pledge provision.
Cross Default:	The terms of the Senior Notes will contain a cross default provision as further described in Condition 13.
Status of the Senior Notes and the Guarantee:	Senior Notes, and the obligations of the Guarantor under the Guarantee (if any), will constitute direct, unconditional, unsecured and unsubordinated obligations of the relevant Issuer or the Guarantor, as the case may be, and, in the case of the Senior Notes, will rank *pari passu* among themselves.
Status of the Subordinated Notes and the Guarantee:	Payments in respect of the Subordinated Notes and the obligations of the Guarantor under the Guarantee (if any), will constitute direct, unsecured and subordinated obligations of UniCredito or UCI Ireland or the Guarantor, as the case may be, and will rank *pari passu* among themselves, subject to certain special conditions applicable to Upper Tier II Subordinated Notes, Lower Tier II Subordinated Notes and Tier III Subordinated Notes issued by UniCredito or Upper Tier II Subordinated Notes and Lower Tier II Subordinated Notes issued by UCI Ireland.
Rating:	The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms.
Listing and admission to trading:	Application has been made to the CSSF to approve this document as two base prospectuses. Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Luxembourg Stock Exchange. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the relevant Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued. The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Governing Law:	The Notes will be governed by, and construed in accordance with, English law save that subordination provisions applicable to Subordinated Notes issued by UniCredito will be governed by, and construed in accordance with, Italian law and Subordinated Notes issued by UCI Ireland will be governed by, and construed in accordance with, Irish law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, Japan, the European Economic Area (including the United Kingdom, the Republic of Italy, Ireland, Luxembourg, France and The Netherlands) and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale and Transfer and Selling Restrictions*".

Risk Factors

Each of the Issuers and the Guarantor believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuers nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Each of the Issuers and the Guarantor believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuers or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and neither the Issuers nor the Guarantor represents that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

FACTORS THAT MAY AFFECT THE RELEVANT ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME – FACTORS THAT MAY AFFECT THE GUARANTOR'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE GUARANTEE

Unforeseen difficulties that may arise from the integration of HVB and Capitalia into UniCredito could have material adverse effects on the business of the Group

The current structure of the Group has been significantly influenced by the acquisition by UniCredito of HVB and UniCredito is still in the process of integrating the HVB Group into the Group. Furthermore, UniCredito has recently completed the business combination with the Capitalia Group, which UniCredito will now proceed to integrate into the business organisation.

The business combination with the Capitalia Group has been approved by the extraordinary shareholders' meetings of UniCredito and Capitalia held on 30 July, 2007. The transaction was completed on 1 October, 2007, after the necessary prior authorisations had been granted by the relevant authorities. The same extraordinary shareholders' meeting of UniCredito also approved the relevant amendments to its by-laws with regard to the executive committee.

A key part of UniCredito's strategy is to use the synergies from the terms of the aggregation with the HVB Group and the Capitalia Group to strengthen its competitive position in the markets in which the Group operates.

However, the completion of the integration of the HVB Group and the process of integrating the Capitalia Group within the Group could be difficult, particularly where management information and accounting systems respectively used in the HVB Group and the Capitalia Group differ materially from those used in the Group.

Furthermore, the financial results of the Group may be affected by unforeseen general economic, financial and other business conditions which could have a negative impact on such results.

Although the UniCredito management believes it has the resources necessary to complete the integration of the HVB Group and to integrate the Capitalia Group into the Group successfully, it is possible that further difficulties relating to the integration could arise if the Group were to conclude further significant acquisitions in the near future.

Risks associated with IT systems

The Group's banking activities are dependent on highly sophisticated information technology (**IT**) systems, which are vulnerable to a number of problems including viruses, hacking and other causes of system failure. These risks and the adverse effects resulting from them may be further aggravated by the complex harmonising and integration of the Group's and Capitalia's IT systems.

Risks associated with the risk management systems

The Group's risk management system and strategies may fail and the Group may suffer unexpected losses from unidentified or incorrectly evaluated market developments, trends or other circumstances. These risks

and the adverse effects from them may be further aggravated by the complex integration of the risk management systems of the Group, the HVB Group and the Capitalia Group (the **Combined Group**).

The Combined Group will be exposed to credit risks

Through their banking operations the Combined Group will be exposed to the risk that receivables from third parties owing money, securities or other assets to them will not be collected when due and must be written off (in whole or in part) due to the deterioration of such third parties' respective financial standing (counterparty risk). This risk is present in both the traditional on-balance sheet uncollateralised and collateralised lending business and off-balance sheet business, for example when extending credit by means of a bank guarantee. Credit risks have historically been aggravated during periods of economic downturn or stagnation, which are typically characterised by higher rates of insolvencies and defaults. As part of their respective businesses, entities of the Combined Group operate in countries with a generally higher country risk than in their respective home markets (emerging markets). Entities of the Combined Group hold assets located in such countries.

The Combined Group monitors credit quality and manages the specific risk of each counterparty and the overall risk of the respective loan portfolios, and the Combined Group will continue to do so, but there can be no assurance that such monitoring and risk management will suffice to keep the Combined Group's exposure to credit risk at acceptable levels. Any deterioration of the creditworthiness of significant individual customers or counterparties, or of the performance of loans and other receivables, as well as wrong assessments of creditworthiness or country risks may have a material adverse effect on the Combined Group's business, financial condition and results of operations.

Non-traditional banking activities expose the Combined Group to additional credit risks

Many of the business activities of the Combined Group that go beyond the traditional banking business of lending and deposit-taking will expose the Combined Group to additional credit risk. Non-traditional credit risk can, for example, arise from:

(a) entering into derivatives contracts under which counterparties have obligations to make payments to entities of the Combined Group;

(b) executing securities, futures, currency or commodity trades that fail to settle timely due to non-delivery by the counterparty or to systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries (including the Combined Group);

(c) owning securities of third parties; and

(d) extending credit through other arrangements.

Parties to these transactions, such as trading counterparties or counterparties issuing securities held by entities of the Combined Group, may default on their obligations to entities of the Combined Group due to insolvency, political and economic events, lack of liquidity, operational failure or other reasons. Defaults with respect to a significant number of transactions or one or more transactions that involve significant volumes would have a material adverse effect on the Combined Group's business, financial condition and results of operations.

A failure of the Combined Group to fully implement its strategy may have a material adverse effect on the Combined Group's business, financial condition and results of operations

The objective of the Combined Group is to create a new force in European banking with leading positions in its core markets in Italy, Germany, Austria and Central and Eastern Europe as well as a balanced business portfolio and enhanced growth prospects and it has defined a number of strategic goals in order to achieve this objective. There can be no assurance that the Combined Group will be successful in achieving these strategic goals or that achievement thereof is sufficient to accomplish the objectives of the Combined Group. A number of factors, some of which are outside the control of the Combined Group (such as market declines and unfavourable macroeconomic conditions in the Combined Group's core markets), the failure to establish clear governance rules within the Combined Group and to align the strategies of the Combined Group's entities with the strategy of the Combined Group as a whole, as well as the failure to integrate the businesses of the Combined Group, could result in an inability to implement some or all of the Combined Group's strategic goals or to fully realise expected synergies, all of which could have a material adverse effect on the Combined Group's business, financial condition and results of operations.

Risks associated with the integration of recent acquisitions

During 2005 and 2006, and the first ten months of 2007, UniCredito concluded or negotiated a number of acquisition agreements, including significant acquisitions in Italy, Germany and Central and Eastern European countries. The integration of these acquisitions has and will involve integration challenges, particularly where management information and accounting systems differ materially from those used elsewhere in the Group. Although much progress has been made since 2003, there are also ongoing integration challenges associated with the combination of the activities of the predecessor of UniCredito. Although management believes it has the resources needed to successfully integrate these operations, it is possible that further integration difficulties could arise or that unanticipated problems could be discovered in one or more of the acquired entities. If the Group were to conclude further significant acquisitions in the near future, these risks would be enhanced.

The Combined Group's further expansion in Central and Eastern Europe poses challenges

An important element of the Combined Group's strategy is to expand and develop its business in Central and Eastern Europe. The countries of Central and Eastern Europe have undergone rapid political, economic and social change since the end of the 1980s, and this process was accelerated by the accession to the European Union in May 2004 of many of the Central and Eastern European countries in which companies of the Combined Group operate. Economic growth in Central and Eastern Europe may slow in coming years due to European Union legal, fiscal and monetary disciplines, which may limit a country's ability to respond to local economic circumstances. Moreover, a delay in, or the disruption of, the accession process with regard to the Central and Eastern European countries that have not yet joined the European Union (Bulgaria, Croatia, Romania and Turkey) may have material adverse consequences for the economies of these countries and the Combined Group's business in these countries.

In addition, UniCredito expects that competitive pressures in Central and Eastern Europe will increase, as banking groups already active in the banking markets will seek to expand their presence, and new entrants may also move into these markets.

Risks associated with exposure to Central and Eastern European countries

Management believes that there are significant potential opportunities for the Group in Central and Eastern European countries. While management believes there are opportunities for the Group to attract significant additional higher margin business from its business activities in these countries at what management considers to be an attractive cost, there are also significant risks associated with doing business in those countries. There are significant differences in the nature of the risks from one country to another, but they generally include comparatively volatile economic, foreign exchange and stock market conditions, as well as, in many cases, less developed political, financial and legal infrastructures. There can be no assurance that the Group's financial condition or results of operations will not be materially or adversely affected as a result of one or more of these risks.

Fluctuations in interest rates may affect the Group's results

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

In particular, lending and deposits activities are strictly dependent on the interest rate risk hedging policies of the Group; in particular the correlation between changes in the interest rates in the reference markets and those in the interest margin. Although UniCredito, as appropriate, carries out strategic hedges with the aim of minimising the risk of interest rate fluctuations via entering into derivative contracts, such hedging strategies could be inadequate. As a result, a mismatch between the interest income realised by the Group and the interest expenses due to them, following the movement in interest rates, could significantly affect the financial position and operating results of the Group.

Continued economic sluggishness and weak financial markets and volatility can materially adversely affect the Group's revenues and profits

The results of the Group are affected by general economic, financial and other business conditions. During recessionary periods, there may be less demand for loan products and a greater number of the Group's customers may default on their loans or other obligations. Interest rate rises may also have an impact on

the demand for mortgages and other loan products. The risk arising from the impact of the economy and business climate on the credit quality of the Group's borrowers and counterparties can affect the overall credit quality and the recoverability of loans and amounts due from counterparties.

In addition, protracted or steep declines in the stock or bond markets in Italy and elsewhere may have an adverse impact on the Group's investment banking, securities trading and brokerage activities, the Group's asset management and private banking services, as well as the Group's investments in and sales of products linked to financial assets performance.

Risk connected to an economic slowdown and volatility of the financial markets – credit risk

The banking and financial services market in which UniCredito and Capitalia operate is affected by several unpredictable factors, including overall economic developments, fiscal and monetary policies, liquidity and expectations within capital markets and consumers' behaviour in terms of investment and saving. Considering traditional lending operations, in particular the demand for financial products, could lessen during periods of economic downturn.

Overall economic development can furthermore negatively impact the solvency of mortgage debtors and other borrowers of UniCredito and the Combined Group such as to affect their overall financial condition. Such developments could negatively affect the recovery of loans and amounts due by counterparties of the Combined Group companies, which, together with an increase in the level of insolvent clients compared to outstanding loans and obligations, will impact on the levels of credit risk. The Combined Group is exposed to potential losses linked to such credit risk, in connection with the granting of financing, commitments, credit letters, derivative instruments, currency transactions and other kinds of transactions. This credit risk derives from the potential inability or refusal by customers to honour their contractual obligations under these transactions.

The above factors could have a significant impact also in terms of capital market volatility. As a result, volumes, revenues and net profits in banking and financial services business could vary significantly over time.

Intense competition, especially in the Italian market, where the Group has a substantial part of its businesses, could have a material adverse effect on the Group's results of operations and financial condition

Competition is intense in all of the Combined Group's primary business areas in Italy, Germany, Austria and Central and Eastern Europe and in the other countries in which the Combined Group conducts its business. The Combined Group derives a substantial part of its total banking income from its banking activities in Italy, a mature market where competitive pressures have been increasing quickly. If the Combined Group is unable to continue to respond to the competitive environment in Italy with attractive product and service offerings that are profitable for the Group, it may lose market share in important areas of its business or incur losses on some or all of its activities. In addition, downturns in the Italian economy could add to the competitive pressure, through, for example, increased price pressure and lower business volumes for which to compete.

The Group's risk management policies may fail to provide adequate protection

The Group classifies the risk elements in its Italian loan portfolio in accordance with the appropriate requirements of the Bank of Italy and of Italian law, which may not be as strict as the corresponding requirements in certain other countries. The Group has devoted significant resources to developing policies, procedures and assessment methods to manage market, credit, liquidity and operating risk and intends to continue to do so in the future. Nonetheless, the Group's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risks, including risks that the Group fails to identify or anticipate. If existing or potential customers believe that the Group's risk management policies and procedures are inadequate, the Group's reputation as well as its revenues and profits may be negatively affected.

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

Risk connected to the subprime market crisis

UniCredito is exposed to the U.S.-subprime market and sponsors certain conduits that issued securities to finance the acquisition of mortgage backed loans. The total direct and indirect exposure of UniCredito to U.S.-subprimes at 30 June, 2007 was €277 million recorded on the balance sheet (mainly U.S. Residential Mortgage Backed Securities (**RMBSs**) and Collateralized Debt Obligations (**CDOs**)). Although management believes that the Group's overall exposure to the U.S.-subprime market is not material, UniCredito may suffer losses as a result of the subprime markets crisis. In particular, the lack of liquidity in the credit markets that has characterised the subprime crisis has effectively increased UniCredito's funding costs and prevented UniCredito from syndicating some loans that UniCredito would have syndicated in the former environment. UniCredito's management also expects that the results of the Group investment banking operations will suffer from the downturn in market activity experienced in the third quarter of 2007, which may continue.

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

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

Ratings

UniCredito is currently rated "A+" by Standard & Poor's Ratings Services, a Division of the McGraw Hill Companies Inc. (**Standard & Poor's**), "A+" by Fitch Ratings Limited (**Fitch**) and "Aa2" by Moody's Investors Service Limited (**Moody's**). In addition to this, Standard & Poor's recently upgraded its outlook on UniCredito and some of its subsidiaries from "Negative" to "Stable". In determining the rating assigned to the Parent, these rating agencies have considered and will continue to review various indicators of the Group's performance, UniCredito's profitability and its ability to maintain its consolidated capital ratios within certain target levels. If UniCredito fails to achieve or maintain any or a combination of more than one of the indicators, including if UniCredito is unable to maintain its consolidated capital ratios within certain target levels, this may result in a downgrade of UniCredito's rating by Standard & Poor's, Fitch or Moody's.

Any rating downgrades of UniCredito or other entities of the Combined Group (including HVB) would increase the re-financing costs of the Combined Group and may limit its access to the financial markets and other sources of liquidity, all of which could have a material adverse effect on its business, financial condition and results of operations.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

RISKS CONNECTED TO LEGAL PROCEEDINGS

The Combined Group is subject to certain claims and is a party to a large number of legal and other proceedings relating to the normal course of its business. They are all separate actions in the ordinary course of business that have been duly analysed by UniCredito and the concerned companies of the Group, where as appropriate or necessary, to effect provisions in the amount believed suitable according to the circumstances or to make a mention thereof in a supplementary note to the balance, in accordance with the appropriate standard of accounting principles. In particular, as at 30 June, 2007, the Group had made provision for an amount in the region of €567,343 million to cover the risk and charges associated with such lawsuits and revocatory actions (excluding employment, tax and credit recovery lawsuits) by the Group.

The unfavourable outcome of such lawsuits might, however, result in a negative effect on the economic and financial situation of the Group and of companies which are themselves the subject of the proceedings, even

though at the present moment it is not forseen that such negative outcomes will significantly effect their activities or solvency.

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

The Notes may not be a suitable investment for all investors

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

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or in any applicable supplement;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

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

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes subject to optional redemption by the Issuer

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

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

Index Linked Notes and Dual Currency Notes

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

(a) the market price of such Notes may be volatile;

(b) they may receive no interest;

(c) payment of principal or interest may occur at a different time or in a different currency than expected;

(d) they may lose all or a substantial portion of their principal;

(e) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

(f) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable will likely be magnified; and

(g) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in the light of its particular circumstances.

Credit Linked Notes
Credit Linked Notes differ from ordinary debt securities in that the amount of principal and/or interest payable by the relevant Issuer is dependent on whether a Credit Event has occurred and that payments upon redemption (whether at maturity or earlier) may be linked to the value of the Reference Obligation(s) including, if applicable, the value of any related underlying hedging arrangements (which may include interest rate or cross-currency swaps) and that this may be less than the full amount of investors' initial investment and result in investors not receiving repayment of all or any of their initial investment in Credit Linked Notes. Accordingly, the Noteholders will be exposed to the credit of the Reference Entities to the full extent of their investment in the Notes. The Issuer may issue Credit Linked Notes including First-to-Default Credit Linked Notes, the latter linked to the performance of two or more Reference Entities where the Issuer's obligation to pay principal may be replaced by an obligation to pay other amounts calculated by reference to the value of the Reference Item(s) and/or to deliver the Reference Item(s), in each case, in relation to the First Reference Entity in respect of which a Credit Event has occurred.

None of the Issuers, the Guarantor or any of their respective affiliates makes in respect of Credit Linked Notes any representation as to the credit quality of any Reference Entity. Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to a Reference Entity, its respective affiliates or any guarantors, that is or may be material in the context of Credit Linked Notes. The issue of Credit Linked Notes will not create any obligation on the part of any such persons to disclose to the Noteholders or to any other party such information (whether or not confidential).

Each of the Issuers, the Guarantor or their respective affiliates may deal with and engage generally in any kind of commercial or investment banking or other business with any Reference Entity, its respective affiliates or any guarantor or any other person or entity having obligations relating to any Reference Entity or its respective affiliates or any guarantor in the same manner as if any Credit Linked Notes issued under the Programme did not exist, regardless of whether any such action might have an adverse effect on a Reference Entity, any of its respective affiliates or any guarantor.

The Issuer's obligations in respect of Credit Linked Notes, including First-to-Default Credit Linked Notes, are irrespective of the existence or amount of the Issuer's or the Group's credit exposure to a Reference Entity, and the Issuer and/or Group need not suffer any loss nor provide evidence of any loss as a result of a Credit Event.

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

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

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

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

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

UniCredito and UCI Ireland's obligations under Subordinated Notes are subordinated
UniCredito and UCI Ireland obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority of payment to Senior Liabilities. **Senior Liabilities** means any direct, unconditional, unsecured and unsubordinated indebtedness or payment obligations (or indebtedness or obligations which are subordinated but to a lesser degree than the obligations under the relevant Subordinated Notes) of UniCredito and UCI Ireland for money borrowed or raised or guaranteed by UniCredito or UCI Ireland, as the case may be, and any indebtedness or mandatory payment obligations preferred by the laws of the Republic of Italy (in the case of UniCredito) and Ireland (in the case of UCI Ireland). Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of his investment should the Issuer become insolvent.

In no event will holders of Subordinated Notes be able to accelerate the maturity of their Subordinated Notes; such holders will have claims only for amounts then due and payable on their Subordinated Notes. After the Issuer has fully paid all deferred interest on any issue of Subordinated Notes and if that issue of Subordinated Notes remains outstanding, future interest payments on that issue of Subordinated Notes will be subject to further deferral as described above.

Any deferral of interest payments will likely have an adverse effect on the market price of the Subordinated Notes. In addition, as a result of the interest deferral provision of the Subordinated Notes, the market price of the Subordinated Notes may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's financial condition.

The obligations in respect of the Subordinated Notes are not covered by the *Fondo Interbancario di Tutela dei Depositi* (**Italian Inter-Bank Fund for the Protection of Deposits**).

Under certain conditions, principal and interest payments under Upper Tier II Subordinated Notes must be reduced
UniCredito will be required to reduce payment of interest and principal under the Upper Tier II Subordinated Notes, in the event that UniCredito at any time suffers losses which (as provided for in Articles 2446 and 2447 of the Italian Civil Code) would require UniCredito to reduce its paid up share capital and reserves below the Minimum Capital (as defined in Condition 5.2(a)), to the extent necessary to enable UniCredito,

in accordance with requirements under Italian legal and regulatory provisions, to maintain at least the Minimum Capital as provided by the then applicable Bank of Italy Regulations. Such obligations will be reinstated whether or not the Maturity Date of the relevant obligations has occurred: (a) in whole, in the event of winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*, as described in Articles 80 to 94 of the Italian Banking Act) of UniCredito and with effect immediately prior to the commencement of such winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*), as if such obligations of UniCredito had not been so reduced in accordance with Conditions 5.2(a) and (b) in whole or in part, from time to time, to the extent that UniCredito, by reason of its having profits, or by reason of its obtaining new capital contributions, or by reason of the occurrence of any other event, would again have at least the Minimum Capital and, therefore, would not be required to reduce its obligations in respect of principal and interest in accordance with Condition 5.2(a).

UCI Ireland will be required to reduce payment of interest and principal under the Upper Tier II Subordinated Notes, whether or not matured, in the event that UCI Ireland at any time suffers losses that would, in accordance with the provisions of any applicable law, prevent UCI Ireland from continuing to trade (as determined by UCI Ireland, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed), to the extent necessary to enable UCI Ireland to continue to trade in accordance with the requirements of law (as determined by the directors of UCI Ireland, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed). Such obligations shall be reinstated if UCI Ireland would, after such reinstatement and by reason of the occurrence of any event, be entitled to continue to trade (as determined by UCI Ireland, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed). Such reduction shall, subject to the provisions below, be deemed to cease should UCI Ireland become, and for so long as it remains, subject to any bankruptcy or liquidation proceedings or process and the obligations of UCI Ireland under the Upper Tier II Subordinated Notes shall, in such event, be treated as if they were not reduced in accordance with Condition 5.7. If, at any time during such bankruptcy or liquidation proceedings or process, reduction of the obligations would enable such proceedings or process to be dismissed, discharged, stayed, restrained or vacated and enable UCI Ireland to continue to trade (as determined by UCI Ireland, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed), the obligations of UCI Ireland under the Upper Tier II Subordinated Notes shall be deemed to be reduced.

Under certain conditions, interest payments under Upper Tier II Subordinated Notes must be deferred
UniCredito will not be required to pay interest on the Upper Tier II Subordinated Notes on an Interest Payment Date if (a) no annual dividend has been approved, paid or set aside for payment by a shareholders' meeting of UniCredito or paid in respect of any class of shares of UniCredito during the 12-month period ending on, but excluding, the second London Business Day (as defined in Condition 7.2(e)) immediately preceding such Interest Payment Date, or (b) the Board of Directors of UniCredito has announced, at the time of the release of any interim accounts published during the six-month period ending on, but excluding, the second London Business Day immediately preceding such Interest Payment Date, that, based on such interim accounts, no sums are available at such time for the payment of interim dividends, in accordance with Article 2433-*bis* of the Italian Civil Code. Any such unpaid amounts of interest will constitute arrears of interest which will bear interest at the rate applicable to the relevant Upper Tier II Subordinated Notes. Arrears of interest (together with any additional interest amount in respect of such arrears of interest) will become due and payable (i) in part *pari passu* and *pro rata* if and to the extent that UniCredito makes payments of or in respect of amounts of interest on or in relation to any other *pari passu* claims not including Lower Tier II Subordinated Notes and Tier III Subordinated Notes; and (ii) in full on the earliest to occur of (A) the Interest Payment Date falling on or after the date on which a dividend is approved or paid on any class of shares of UniCredito; (B) the date for repayment of the Upper Tier II Subordinated Notes; and (C) the date on which the *Liquidazione Coatta Amministrativa* of UniCredito is commenced pursuant to Article 83 of the Italian Banking Act or on which UniCredito becomes subject to a liquidation order.

UCI Ireland shall not have any obligation to pay interest accrued in respect of Upper Tier II Subordinated Notes issued by UCI Ireland and any failure to pay such interest shall not constitute a default of UCI Ireland for any purpose.

Under certain conditions, principal and interest payments under Tier III Subordinated Notes must be suspended and deferred

UniCredito will not be required to pay interest and/or principal on Tier III Subordinated Notes if, at the time any such payment becomes due, (a) UniCredito's Total Amount of Regulatory Capital (as defined in Condition 5.3(b)) is, on a consolidated or unconsolidated basis, less than the aggregate minimum credit risk (*rischio creditizio*) capital requirements of UniCredito, as provided by the then applicable Bank of Italy Regulations, on a consolidated or unconsolidated basis; or (b) upon payment of interest and/or repayment of principal under the Tier III Subordinated Notes, UniCredito's Total Amount of Regulatory Capital becomes, on a consolidated or unconsolidated basis, less than the aggregate minimum credit risk (*rischio creditizio*) capital requirements of UniCredito, as provided by the then applicable Bank of Italy Regulations, on a consolidated or unconsolidated basis. The obligations of UniCredito to effect such payment of interest and/or principal will (subject to, and to the extent provided in, Condition 5.3(e)) be reinstated in the event of a bankruptcy, dissolution, liquidation or winding-up of UniCredito or in the event that UniCredito becomes subject to an order for *Liquidazione Coatta Amministrativa*; or in the event that UniCredito's Total Amount of Regulatory Capital after the payment of interest and/or repayment of principal is, both on an unconsolidated and on a consolidated basis, equal to or more than the minimum aggregate credit risk (*rischio creditizio*) capital requirements of UniCredito, both on an unconsolidated and consolidated basis, as respectively required by the then applicable Bank of Italy Regulations.

Risk under the Subordinated Guarantee

The obligations of UniCredito in respect of each Series of Subordinated Notes issued by UCI Ireland (the **Subordinated Guarantee**) constitute direct, unsecured and subordinated obligations of UniCredito.

The Subordinated Guarantee is intended to provide the holders of the Subordinated Notes issued by UCI Ireland, as closely as possible, with rights equivalent to those to which the holders would have been entitled if the Subordinated Notes had been issued directly by UniCredito.

UniCredito will be required to reduce its obligations under the Subordinated Guarantee in respect of principal and interest payable by UCI Ireland under the Upper Tier II Subordinated Notes, in the event that UniCredito at any time suffers losses which (as provided for in Articles 2446 and 2447 of the Italian Civil Code) would require UniCredito to reduce its capital below the Minimum Capital (as defined in Condition 5.2(a)), to the extent necessary to enable UniCredito, in accordance with requirements under Italian legal and regulatory provisions, to maintain at least the Minimum Capital as provided by the then applicable Bank of Italy Regulations. Such obligations will be reinstated whether or not the Maturity Date of the relevant obligations has occurred: (a) wholly, in the event of winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*, as described in Articles 80 to 94 of the Italian Banking Act) of UniCredito and with effect immediately prior to the commencement of such winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*), as if such obligations of UniCredito had not been so reduced in accordance with Condition 5.4(a)(i) and if the relevant payment obligations have otherwise matured or become enforceable; and (b) wholly or in part, from time to time, to the extent that UniCredito, by reason of its having profits, or by reason of its obtaining new capital contributions, or by reason of the occurrence of any other event, would again have at least the Minimum Capital and, therefore, would not be required to reduce its obligations in respect of such principal and interest under the Guarantee in accordance with Condition 5.4(a)(i).

UniCredito will not be required to make any payment under the Subordinated Guarantee in respect of interest on Upper Tier II Subordinated Notes on an Interest Payment Date if (a) no annual dividend has been approved, paid or set aside for payment by a shareholders' meeting of UniCredito or paid in respect of any class of shares of UniCredito during the 12-month period ending on, but excluding, the second London Business Day (as defined in Condition 7.2(e)) immediately preceding such Interest Payment Date or (b) the Board of Directors of UniCredito has announced, at the time of the release of any interim accounts published during the six-month period ending on, but excluding, the second London Business Day immediately preceding such Interest Payment Date, that, based on such interim accounts, no sums are available at such time for the payment of interim dividends, in accordance with Article 2433-*bis* of the Italian Civil Code. Any such unpaid amounts in respect of interest will constitute, for the purposes of Upper Tier II Subordinated Notes, Arrears of Interest which will bear interest at the rate applicable to the relevant Upper Tier II Subordinated Notes. Arrears of Interest (together with any additional interest amount in respect of such arrears of interest) will become due and payable (i) in part *pari passu* and *pro rata* if and to the extent that UniCredito makes payments of or in respect of amounts of interest on or in relation to any other *pari passu* claims; and (ii) in full on the earliest to occur of (A) the Interest Payment Date falling on or after the

date on which a dividend is approved or paid on any class of shares of UniCredito, (B) the date for repayment of the Upper Tier II Subordinated Notes; or (C) the date on which the *Liquidazione Coatta Amministrativa* of UniCredito is commenced pursuant to Article 83 of the Italian Banking Act or on which UniCredito becomes subject to a liquidation order.

In the event of winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*, as described in Articles 80 to 94 of the Italian Banking Act) of UniCredito, UniCredito will not be required to make any payment under the Subordinated Guarantee in respect of amounts relating to each Series of the Lower Tier II Subordinated Notes (*passività subordinate*) and the relative Receipts and Coupons. Such payment obligations will rank in right of payment after unsubordinated unsecured creditors (including depositors) of UniCredito but at least senior to the payment obligations of UniCredito under the Subordinated Guarantee in respect of amounts relating to any Series of Upper Tier II Subordinated Notes and to the claims of shareholders of UniCredito.

The obligations of UniCredito in respect of the Subordinated Guarantee are not covered by the *Fondo Interbancario di Tutela dei Depositi* (**Italian Inter-Bank Fund for the Protection of Deposits**).

Risks related to Notes generally

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

Modification, waivers and substitution

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

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (a) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (b) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (c) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 20 of the conditions of the Notes.

EU Savings Directive

Under Directive 2003/48/EC on the taxation of savings income, each Member State is required, from 1 July, 2005, 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 an individual resident in that other Member State. However, for a transitional period, Belgium, 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). A number of non-EU countries and territories, including Switzerland, have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

If a payment were to be made in 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, the Guarantor, the Principal Paying Agent, nor any of the Paying Agents, nor any institution where the Notes are deposited, would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax, and there would be no requirement for the Issuer or the Guarantor to pay any additional amount pursuant to Condition 11 of the Terms and Conditions of the Notes relating to such withholding. The relevant Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

Change of law

The conditions of the Notes are based on English law in effect as at the date of this Prospectus, save that subordination provisions applicable to Subordinated Notes issued by UniCredito are governed by, and shall be construed in accordance with, Italian law in effect as at the date of this Prospectus, and Subordinated Notes issued by UCI Ireland are governed by, and shall be construed in accordance with, Irish 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 to Italian law for the Subordinated Notes issued by UniCredito or to Irish law for the Subordinated Notes issued by UCI Ireland or administrative practice after the date of this Prospectus.

Notes where denominations involve integral multiples: definitive Notes
In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time 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 a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

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

The secondary market generally
Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investor. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

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

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

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

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

Legal investment considerations may restrict certain investments
The investment activities of certain investors are subject to legal investment laws and regulations, or to review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) Notes are legal investments for it, (b) Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its 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.

Documents Incorporated by Reference

The following documents which have previously been published and have been filed with CSSF at the same time of the Prospectus shall be incorporated in, and form part of, this Prospectus:

(a) the audited consolidated and non-consolidated annual financial statements for the financial year ended 31 December, 2006 of UniCredito;

- Audited consolidated annual financial statements for the financial year ended 31 December, 2006:

  – Unaudited Highlights: page 23
  – Balance Sheet: pages 146-147
  – Profit and Loss Accounts: page 149
  – Consolidated Accounts: page 145
  – Notes to the Consolidated Accounts: page 155
  – Accounting Policies: page 157
  – Notes to the Consolidated Balance Sheet: page 199
  – Notes to the Income Statement: page 293
  – Cash Flow Statement: page 152
  – External Auditor's report: page 543

- Audited non-consolidated annual financial statements for the financial year ended 31 December, 2006:

  – Balance Sheet: pages 38-39
  – Income Statement: page 41
  – Notes to the Accounts: page 47
  – Accounting Policies: page 49
  – Notes to the Balance Sheet: page 71
  – Notes to the Income Statement: page 119
  – Cash Flow Statement: page 44
  – Report of the External Auditors: page 235

(b) the audited consolidated and non-consolidated annual financial statements for the financial year ended 31 December, 2005 of UniCredito;

- Audited consolidated annual financial statements for the financial year ended 31 December, 2005:

  – Unaudited Report on Operations: page 13
  – Unaudited Financial Summary: page 15
  – Unaudited Reclassified Accounts – Balance Sheet: page 48
  – Unaudited Reclassified Accounts – Profit and Loss Accounts: page 49
  – Consolidated Accounts: page 119
  – Balance Sheet: pages 120-121
  – Profit and Loss Accounts: page 122
  – Notes to the Consolidated Accounts: page 127
  – Accounting Policies: page 130
  – Notes to the Consolidated Balance Sheet: page 181
  – Notes to the Profit and Loss Account: page 239
  – Cash Flow Statement: page 124
  – External Auditor's report: page 437

- Audited non-consolidated annual financial statements for the financial year ended 31 December, 2005:

  – Unaudited Reclassified Accounts: page 10
  – Unaudited Reclassified Accounts – Balance Sheet: page 10
  – Unaudited Reclassified Accounts – Profit and Loss Accounts: page 11
  – Balance Sheet: pages 48 – 49
  – Profit and Loss Accounts: page 51

- Notes to the Accounts: page 53
- Accounting Policies: page 54
- Notes to the Balance Sheet: page 62
- Notes to the Profit and Loss Account: page 126
- Cash Flow Statement: page 142
- Report of the External Auditors: page 165

(c) the audited consolidated annual financial statements for the financial year ended 31 December, 2006 of UCI Ireland;

- Independent Auditors' Report: page 8
- Accounting Policies: page 10
- Consolidated and Company Income Statement: page 21
- Balance Sheet: page 22
- Cash Flow Statement: page 28
- Notes to the Financial Statements: page 30
- Profit and Loss Account: page 46

(d) the audited consolidated annual financial statements for the financial year ended 31 December, 2005 of UCI Ireland;

- Independent Auditors' Report: page 8
- Accounting Policies: page 10
- Profit and Loss Account: page 24
- Balance Sheet: pages 25-28
- Cash Flow Statement: page 31
- Notes to the Financial Statements: page 33

(e) the unaudited consolidated interim financial statements for the six-month period ended 30 June, 2007 of UniCredito;

- Balance Sheet: pages 70-71
- Profit and Loss Accounts: page 73
- Accounting Policies: page 80
- Notes to the Balance Sheet: page 105
- Notes to the Profit and Loss Accounts: page 117
- Report of the External Auditors: page 217

(f) the unaudited Consolidated Interim Income Statement and Balance Sheet for the half-year ended 30 June, 2007 of UCI Ireland;

The Consolidated Interim Income Statement and Balance Sheet has been prepared by the Financial Control Department of UCI Ireland and approved by its Board of Directors only for the purposes of this Prospectus.

- Income Statement: page 1
- Balance Sheet: page 2

(g) the memorandum and the articles of association of UniCredito and the memorandum and articles of association of UCI Ireland;

(h) the information document relating to the merger into UniCredito of Capitalia S.p.A., drawn up pursuant to Section 70, paragraph 4, of the CONSOB Regulation No. 11971/99, published on 18 July, 2007 (the **Information Document**);

- Disclaimer – Risk Factors: page 11
- Information: page 25
- Brief Description of the Terms and Conditions of the Merger: page 25
- The Merger Entities: page 25
- Procedure, terms and conditions of the Merger: page 31
- Impact of the Merger on the Shareholding Structure of UniCredito: page 49

- The effects of the Merger on the shareholders agreements concerning the shares of the companies involved in the Merger: page 54
- Rationale and Main Elements of the Merger: page 57
- Rationale of the Merger: page 57
- Programs made by UniCredito with reference to business prospects and potential restructuring and/or reorganizations: page 59
- Documents at the Disposal of the Public: page 62
- Significant Effects of the Merger: page 63
- Expected Synergies: page 63
- Overall Synergies: page 63
- One-off integration costs: page 64
- The Effects of the Merger on Capital Structure and Profitability: page 64
- Statement of Income, Balance Sheet and Financial Highlights of Capitalia: page 65
- Comparative Table of the Reclassified Balance Sheet and Income Statement for the Last Two Years: page 65
- Audit of Financial Accounts: page 70
- Net Financial Position: page 71
- UniCredito Consolidated Pro-Forma Financial Figures: page 73
- Consolidated Pro-Forma Balance Sheet and Income Statement – Bases for Preparation: page 73
- Consolidated Pro-Forma Balance Sheet and Income Statement as at 31 December, 2006: page 74
- Explanatory Notes: page 76
- Consolidated Pro-Forma Share Indicators: page 79
- Independent Auditors' Reports of Pro-Forma Statement of Income and Balance Sheet Figures: page 79
- Prospects of UniCredito and its Group: page 80
- Capital Structure and Recent Results: page 80
- Forecasts: page 80

(i) the supplement to the Information Document made available to the public on 28 September, 2007 and which contains additional information relating to events following the date of the Information Document and was prepared for the purposes of a declaration of equivalence pursuant to Section 57, paragraph 1, letter (d) of the CONSOB Issuers Regulation;

- Consolidated Pro-forma Figures and Pro-forma Share Indicators: page 3
- Update to Chapter 1 "Disclaimer – Risk Factors" of the Information Document: page 6
- Update to Chapter 2 "Information" of the Information Document: page 11
- Update to Chapter 4 "Statement of Income, Balance Sheet and Financial Highlights of Capitalia" of the Information Document: page 27
- Update to Chapter 5 "UniCredit Consolidated Pro-forma Financial Figures" of the Information Document: page 35
- Update to Chapter 6 "Prospects of UniCredit and its Group" of the Information Document: page 43

Following the publication of this Prospectus a supplement may be prepared by the Issuers and the Guarantor and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Information contained in the documents incorporated by reference other than the information listed in the cross-reference list above is for information purposes only.

Copies of documents incorporated by reference in this Prospectus can be obtained free of charge from the registered office of each of the Issuers and from the specified office of the Paying Agents for the time being in London and Luxembourg. Copies of documents incorporated by reference in this Prospectus, the Prospectus, as well as the Final Terms relating to each Tranche of Notes issued under the Programme, will also be published on the Luxembourg Stock Exchange's website (*www.bourse.lu*).

The Issuers and the Guarantor will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus or publish a new Prospectus for use in connection with any subsequent issue of Notes.

Form of the Notes

The Notes of each Series will either be in bearer form, with or without Coupons attached, or registered form, without Coupons attached. Bearer Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (**Regulation S**) and Registered Notes will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A or Regulation D under the Securities Act.

BEARER NOTES

Each Tranche of Bearer Notes will be initially issued in the form of a temporary global note (a **Temporary Bearer Global Note**) or, if so specified in the applicable Final Terms, a permanent Global Note (a **Permanent Bearer Global Note** and, together with the Temporary Bearer Global Note, the **Bearer Global Notes**) which, in either case, will:

(i) if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**); and

(ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Bearer Global Note if the Temporary Bearer Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bearer Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Bearer Global Note of the same Series or (b) for definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Bearer Global Note) if the Permanent Bearer Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Principal Paying Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 13) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available or (iii) at the

Issuer's request. The Issuer will promptly give notice to Noteholders in accordance with Condition 18 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

REGISTERED NOTES

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a global note in registered form (a **Regulation S Global Note**). Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear or Clearstream, Luxembourg, and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

The Registered Notes of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions (a) to "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act (**QIBs**) or (b) to "accredited investors" (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act), that are institutions (**Institutional Accredited Investors**) who agree to purchase the Notes for their own account and not with a view to the distribution thereof. The Registered Notes of each Tranche sold to QIBs will be represented by a global note in registered form (a **Rule 144A Global Note** and, together with a Regulation S Global Note, the **Registered Global Notes**).

Registered Global Notes will either (a) be deposited with a custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream, Luxembourg or (b) be deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

The Registered Notes of each Tranche sold to Institutional Accredited Investors will be in definitive form, registered in the name of the holder thereof (**Definitive IAI Registered Notes**). Unless otherwise set forth in the applicable Final Terms, Definitive IAI Registered Notes will be issued only in minimum denominations of U.S.$500,000 and integral multiples of U.S.$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency). Definitive IAI Registered Notes will be subject to the restrictions on transfer set forth therein and will bear the restrictive legend described under "*Subscription and Sale and Transfer and Selling Restrictions*". Institutional Accredited Investors that hold Definitive IAI Registered Notes may elect to hold such Notes through DTC, but transferees acquiring the Notes in transactions exempt from Securities Act registration pursuant to Regulation S or Rule 144 under the Securities Act (if available) may do so upon satisfaction of the requirements applicable to such transfer as described under "*Subscription and Sale and Transfer and Selling Restrictions*". The Rule 144A Global Note and the

Definitive IAI Registered Notes will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 8.4) as the registered holder of the Registered Global Notes. None of the relevant Issuer, the Guarantor (in the case of Guaranteed Notes), the Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising, investigating, monitoring or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 8.4) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that either (a) an Event of Default has occurred and is continuing, (b) in the case of Notes registered in the name of a nominee for DTC, either DTC has notified the relevant Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act, (c) in the case of Notes registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg, the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (d) at the relevant Issuer's request. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 18 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (d) above, the relevant Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than ten days after the date of receipt of the first relevant notice by the Registrar.

TRANSFER OF INTERESTS

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note or in the form of a Definitive IAI Registered Note and Definitive IAI Registered Notes may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such Notes in the form of an interest in a Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case to the extent applicable. Registered Notes are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see "*Subscription and Sale and Transfer and Selling Restrictions*".

GENERAL

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person

shall be conclusive and binding for all purposes save in the case of manifest error or as otherwise required by a court of competent jurisdiction or a public official authority) shall be treated by the relevant Issuer, the Guarantor (in the case of Guaranteed Notes) and their agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the relevant Issuer, the Guarantor (in the case of Guaranteed Notes) and their agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note, and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

So long as DTC or its nominee is the registered owner or holder of a Registered Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Registered Global Note for all purposes under the Agency Agreement and such Notes except to the extent that in accordance with DTC's published rules and procedures any ownership rights may be exercised by its participants or beneficial owners through participants.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the Trustee thereof in certain circumstances described in Condition 13. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note, then holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the relevant Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, on and subject to the terms of the Trust Deed. In addition, holders of interests in such Global Note credited to their accounts with DTC may require DTC to deliver Definitive Notes in registered form in exchange for their interest in such Global Note in accordance with DTC's standard operating procedures.

Applicable Final Terms

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

[THESE NOTES ARE NOT PRINCIPAL PROTECTED. POTENTIAL PURCHASERS OF THESE NOTES SHOULD UNDERSTAND THAT IF A CREDIT EVENT (AS DEFINED HEREIN) OCCURS, THE NOTES WILL BE REDEEMED EARLY AND, IN FULL SETTLEMENT OF THE NOTES, THE ISSUER SHALL PAY OR DELIVER THE DELIVERABLE OBLIGATIONS AND/OR CASH SETTLEMENT AMOUNT AS THE CASE MAY BE (EACH AS DEFINED HEREIN) (WHICH, AT SUCH TIME, MAY HAVE NO VALUE). IN ADDITION, THE NOTEHOLDER AND ANY PROSPECTIVE PURCHASERS OF THE NOTES, BEFORE INVESTING IN THE NOTE, SHOULD SEE PARAGRAPH 20 OF PART A BELOW.][1]

Final Terms date [ ]

UniCredito Italiano S.p.A./UniCredito Italiano Bank (Ireland) p.l.c

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
[guaranteed by UniCredito Italiano S.p.A.]
under the
€60,000,000,000 Euro Medium Term Note Programme

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

(i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or

(ii) in those Public Offer Jurisdictions mentioned in Paragraph 37 of Part A below, provided such person is one of the persons mentioned in Paragraph 37 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].[2]

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

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Prospectus dated 12 November, 2007 [and the Supplement to the Prospectus dated [ ]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer[, the Guarantor[s],] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [and the Supplement

[1] *This wording or any other more appropriate shall be inserted for Credit Linked Notes.*
[2] *Consider including this legend where a non-exempt offer of Notes is anticipated.*
[3] *Consider including this legend where only an exempt offer of Notes is anticipated.*

to the Prospectus]. The Prospectus [and the Supplement to the Prospectus] [is] [are] available for viewing during normal business hours at [UniCredito Italiano S.p.A., Piazza Cordusio 2, 20123 Milan/UniCredito Italiano Bank (Ireland) p.l.c., La Touche House, International Financial Services Centre, Dublin 1, and on the website of UniCredito *www.unicredit.it* [and UCI Ireland *www.unicredito.ie*], as well as on the website of the Luxembourg Stock Exchange, *www.bourse.lu*. Copies may be obtained, free of charge, from each of the Issuers at the address above.

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

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the [original prospectus] dated [ ]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) and must be read in conjunction with the Prospectus dated 12 November, 2007 [and the Supplement to the Prospectus dated [ ]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the [original prospectus] dated [ ] and are attached hereto. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus dated 12 November, 2007 and the [original prospectus] dated [ ] [and the Supplement[s] to the Prospectus dated [ ] [ ], 2007 [and] [ ]]. The Prospectus and the [original prospectus] [and the Supplement[s] to the Prospectus dated 12 November, 2007 and [ ]] are available for viewing at [UniCredito Italiano S.p.A., Piazza Cordusio 2, 20123 Milan/UniCredito Italiano Bank (Ireland) p.l.c., La Touche House, International Financial Services Centre, Dublin 1] and on the website of UniCredito *www.unicredit.it* and [UCI Ireland *www.unicredito.ie*,] as well as on the website of the Luxembourg Stock Exchange, *www.bourse.lu*. Copies may be obtained, free of charge, from each of the Issuers at the address above.]

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote guidance for completing the Final Terms.*]

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

1.	(a) Issuer:	UniCredito Italiano S.p.A./UniCredito Italiano Bank (Ireland) p.l.c.
	(b) Guarantor:	UniCredito Italiano S.p.A.
2.	(a) Series Number:	[ ]
	(b) Tranche Number:	[ ] (*If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible*)
3.	Specified Currency or Currencies:	[ ]
4.	Aggregate Nominal Amount:	
	(a) Series:	[ ]
	(b) Tranche:	[ ]
5.	Issue Price:	[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]

6.	(a) Specified Denominations:[4]	[ ]
	(*in the case of Registered Notes, this means the minimum integral amount in which transfers can be made*)	[ ]
		[(*Note – If an issue of Notes is (a) NOT admitted to trading on a European Economic Area exchange; and (b) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the* [*€1,000/ €50,000*] *minimum denomination is not required.*)]
		[(*Note – where multiple denominations above* [*€50,000*] *or equivalent are being used the following sample wording should be followed:*
		"[*€50,000*] *and integral multiples of* [*€1,000*] *in excess thereof up to and including* [*€99,000*]. *No Notes in definitive form will be issued with a denomination above* [*€99,000*].")]*
	(b) Calculation Amount:	[ ]
		(*If only one Specified Denomination, insert the Specified Denomination.*
		If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
7.	(a) Issue Date:	[ ]
	(b) Interest Commencement Date:	[*specify*/Issue Date/Not Applicable] (*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.*)
8.	Maturity Date:	[*Fixed rate – specify date/Floating rate or any other rate where the Interest Period end date(s) are adjusted* – Interest Payment Date falling in or nearest to [*specify month and year*]]
		(*If Upper Tier II Subordinated Notes issued by UniCredito, the redemption of the Notes shall be subject to the prior approval of the Bank of Italy, as set out in Condition 9.1.*)
9.	Interest Basis:	[[ ] per cent. Fixed Rate] [[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [Credit Linked Interest] [*specify other*] (further particulars specified below)
10.	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Credit Linked Redemption] [Partly Paid]

[4] *Notes to be issued by UCI Ireland with a minimum maturity of two years which are not listed on a stock exchange must have a minimum denomination of €500,000 or its equivalent at date of issuance. Notes to be issued by UCI Ireland which are not listed on a stock exchange and which mature within two years must have a minimum denomination of €500,000 or US$500,000 or, in the case of Notes which are denominated in a currency other than euro or U.S. dollars, the equivalent in that other currency of €500,000 (such amount to be determined by reference to the relevant rate of exchange at the date of first publication of this programme).*

	[Instalment] [Extendible[5]] [*specify other*] (*N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.*)
11. Change of Interest Basis or Redemption/ Payment Basis:	[*Specify details of any provision for convertibility of Notes into another Interest Basis or Redemption/ Payment Basis*]
12. Put/Call Options:	[Investor Put] [Issuer Call] [(further particulars specified below)]
13. (a) Status of the Notes:	[Senior/Upper Tier II Subordinated/Lower Tier II Subordinated/Tier III Subordinated]
(b) Status of the Guarantee:	[Senior/Upper Tier II Subordinated/Lower Tier II Subordinated/Tier III Subordinated]
(c) [Date [Board] approval for issuance of Notes [and Guarantee] obtained:	[ ] [and [ ], respectively] [(*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee*)
14. Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a) Rate(s) of Interest:	[ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (*specify*)] in arrear] (*If payable other than annually, consider amending Condition 7*)
(b) Interest Payment Date(s):	[[ ] in each year up to and including the Maturity Date [if applicable [adjusted in accordance with [*specify Business Day Convention*]/not adjusted]]/ [*specify other*]] (*N.B. This will need to be amended in the case of long or short coupons.* *If Upper Tier II Subordinated Notes are issued by UniCredito, in the event that the Bank of Italy does not approve the redemption of the notes on the Maturity Date, the Notes will continue to bear interest and, upon redemption following receipt of the approval of the Bank of Italy, accrued interest in respect of the period from, and including, the Maturity Date to, but excluding, the date of redemption will be payable, all as set out in the Conditions.*)
(c) Fixed Coupon Amount(s): (*Applicable to Notes in definitive form*)	[ ] per Calculation Amount
(d) Broken Amount(s): (*Applicable to Notes in definitive form*)	[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]
(e) Day Count Fraction:	[30/360 or Actual/Actual (ICMA) or *specify other*]

[5] *Only applicable to Notes issued by UCI Ireland.*

	(*N.B. if interest is not payable on a regular basis (for example, if there are Broken Amounts specified) Actual/Actual (ICMA) may not be a suitable Day Count Fraction*)
(f) Determination Date[s]:	[ ] in each year [*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon* (*N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration*) *N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))*]
(g) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/give details]
16. Floating Rate Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a) Specified Period(s)/Specified Interest Payment Dates:	[ ]
(b) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Not Applicable/[*specify other*]]
(c) Additional Business Centre(s):	[ ]
(d) Manner in which the Rate of Interest and Interest Amount are to be determined:	[Screen Rate Determination/ISDA Determination/ *specify other*]
(e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[ ]
(f) Screen Rate Determination:	
(i) Reference Rate:	[ ] (*Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement*)
(ii) Interest Determination Date(s):	[ ] (*Second London Business Day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR*)
(iii) Relevant Screen Page:	[ ] (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
(g) ISDA Determination:	
(i) Floating Rate Option:	[ ]
(ii) Designated Maturity:	[ ]
(iii) Reset Date:	[ ]

(h)	Margin(s):	[+/-] [ ] per cent. per annum
(i)	Minimum Rate of Interest:	[ ] per cent. per annum
(j)	Maximum Rate of Interest:	[ ] per cent. per annum
(k)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 30E/360 (ISDA) *Other*] (*See Condition 7 for alternatives*)
(l)	Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[ ]
17.	Zero Coupon Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Accrual Yield:	[ ] per cent. per annum
(b)	Reference Price:	[ ]
(c)	Any other formula/basis of determining amount payable:	[ ]
(d)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions 9.5(c) [*Redemption and Purchase – Early Redemption Amounts*] and [9.10 – *Late Payment on Zero Coupon Notes*] apply/*specify other*] (*Consider applicable day count fraction if not U.S. dollar denominated*)
18.	Index Linked Interest Note/other variable-linked interest Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*) (*N.B. If the Final Redemption Amount is other than 100 per cent of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.*)
(a)	Index/Formula/other variable:	[*give or annex details including (a) where the underlying is a security, the name of the issuer of the security and the ISIN or other such security identification code, (b) where the underlying is an index, the name of the index and a description of the index if it is composed by the issuer; if the index is not composed by the issuer, where information about the index can be obtained, and (c) where the underlying is a basket of underlyings, the relevant weightings of each underlying in the basket*]
(b)	Calculation Agent:	[ ]
(c)	Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent):	[ ]

(d) Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
(e) Specified Period(s)/Specified Interest Payment Dates:	[ ]
(f) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
(g) Additional Business Centre(s):	[ ]
(h) Minimum Rate of Interest:	[ ] per cent. per annum
(i) Maximum Rate of Interest:	[ ] per cent. per annum
(j) Day Count Fraction:	[ ]
19. Dual Currency Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*) (*N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.*)
(a) Rate of Exchange/method of calculating Rate of Exchange:	[*give or annex details*]
(b) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent):	[ ]
(c) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
(d) Person at whose option Specified Currency(ies) is/are payable:	[ ]
20. Credit Linked Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*) Capitalised terms used herein and not otherwise defined herein or in the Conditions shall have the meaning set out in the 2003 ISDA Credit Derivatives Definitions as supplemented by the May 2003 Supplement to such Definitions, published by the International Swaps and Derivatives Association, Inc. (the **Definitions**) (as, if applicable, supplemented or amended in the Final Terms), and the Credit Derivatives Physical Settlement Matrix published on 7 March, 2005 by the International Swaps and Derivatives Association, Inc. (the **2005 Matrix**), save that any references to the **Related Confirmation** shall be deemed to refer instead to the **applicable Final Terms**, references to the **Credit Derivative Transaction** shall be deemed to refer instead to the **Notes**, references to the **Buyer** shall be deemed to refer instead to the **Issuer**, and references to the **Seller** shall be deemed to refer instead to the **Noteholder(s)**. The Definitions and

		the 2005 Matrix are hereby incorporated by reference herein, and shall apply *mutatis mutandis* to the Notes. In the event of any inconsistency between the capitalised terms defined in the Final Terms and/or the Conditions on the one hand and the Definitions and the 2005 Matrix on the other, the capitalised terms defined in the Final Terms and/or the Conditions shall prevail.
(a)	Reference Period and Reference Price:	(i) The period commencing at or after 12.01 a.m., London time on (and including) the day following the Trade Date and ending at or prior to 11.59 p.m., London time on (and including, subject as provided below) the Scheduled Termination Date. [*if other period applicable, delete previous sentence and insert applicable provisions*] (ii) [ ]
(b)	Redemption Date:	[Maturity Date]
(c)	Scheduled Termination Date:	[*Maturity Date unless otherwise specified*]
(d)	Reference Entity:	[*Specify if Sovereign*] and any Successor. Section 2.31 (*Merger of Reference Entity and Seller*) of the Definitions shall not apply to the Notes.
(e)	Reference Obligation:	[ ] First to Default Credit Linked Note [Applicable/Not Applicable]
(f)	All Guarantees:	[Applicable/Not Applicable]
(g)	Obligation:	Obligation Category: [ ] Obligation Characteristics: [ ] Excluded Obligations: [None]
(h)	Grace Period:	[The number of days equal to the grace period with respect to payments in accordance with the terms of, and under, the relevant Obligation, and, if no grace period is applicable, zero/*insert maximum number of days*]
(i)	Maturity Date Extension:	[Applicable]
(j)	Credit Events:	[Bankruptcy Failure to Pay Obligation Acceleration Obligation Default Repudiation/Moratorium Restructuring: [Restructuring Maturity Limitation and Fully Transferable Obligation: Applicable] [Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation: Applicable] [Multiple Holder Obligation: Applicable]][6]
(k)	Payment Requirement:	[Applicable/Not Applicable] [*specify*] (*If not specified, Payment Requirement will be US$1,000,000 or its equivalent in the relevant*

[6] *Delete as appropriate.*

	Obligation Currency as of the occurrence of the Failure to Pay or Potential Failure to Pay, as applicable)
(l) Default Requirement:	[Applicable/Not Applicable] [*specify*] (*If not specified, Default Requirement will be US$10,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event.*)
(m) Conditions to Settlement (if any):	*Where Cash Settlement is specified:* Delivery by the Issuer of a Credit Event Notice, a Reference Obligation Notice [and a Notice of Publicly Available Information][6] *Where Physical Settlement is specified:* Delivery by the Issuer of a Credit Event Notice, a Notice of Physical Settlement [and a Notice of Publicly Available Information] [Notice of Publicly Available Information: **Specified Number**: [ ] (*if applicable and not specified, it shall be two*)]
(n) Settlement:	[Cash/Physical] Settlement (*please specify*) (*if Physical Settlement applies, include the following:*)
(i) Deliverable Obligations:	[Exclude Accrued Interest]
(ii) Deliverable Obligations:	Deliverable Obligation Category: [ ] Deliverable Obligation Characteristics: Not Subordinated/Specified Currency/Standard Specified Currencies/Not Sovereign Lender/Not Domestic Currency/Not Domestic Law/Listed/Not Contingent/Not Domestic Issuance/Assignable Loan/ Consent Required Loan/Transferable/Maximum Maturity [30 years]/Accelerated or Matured/Not Bearer/*Other*]Excluded Obligations: [None]
(iii) Physical Settlement Period:	The longest number of Business Days for settlement in accordance with the then current market practice of any Deliverable Obligation being Delivered, as determined by the Calculation Agent, subject to a minimum of [30/90/120/*other*] Business Days following the satisfaction of all Conditions to Settlement.
(iv) Number of calendar days' notice (Notice of Physical Settlement):	[zero/five/*specify number*] days [*insert number of calendar days prior to Physical Settlement Date*]
(v) Physical Settlement Date:	The date within the Physical Settlement Period upon which all the Deliverable Obligations specified in the Notice of Physical Settlement are Delivered; provided that if on the last day of the Physical Settlement Period the Deliverable Obligations specified in the Notice of Physical Settlement cannot be Delivered due to any reason as set out in Conditions 10.4, 10.5, 10.6, and 10.8 (*Partial Cash Settlement Terms*), the Physical Settlement Date shall be the last day of the Physical Settlement Period. [The Issuer may extend the Physical Settlement Date to such date that the Calculation Agent in its sole

	discretion designates (the **Extended Physical Settlement Date**). The Extended Physical Settlement Date shall not, however, be later than [ ] Business Days after the Physical Settlement Date.][7]
(vi) Latest Permissible Physical Settlement Date:	[[*specify number*] days after the final day of the Physical Settlement Period].
(vii) Amount:	[Applicable/Not Applicable] (*if Cash Settlement is applicable, insert the following*)
(i) Valuation Date:	[ ]
(ii) Quotation Method:	[ ]
(iii) Quotation Amount:	
(iv) Cash Settlement Date:	As set out in the Conditions (*specify other*)
(v) Cash Settlement Amount:	As set out in the Conditions (*specify other*)
(vi) Quotation:	[ ]
(vii) Valuation Method for determination of Final Price):	[Exclude Accrued Interest/Include Accrued Interest] (*set out ISDA valuation method or other valuation method in full*)
(viii)Hedge Amount:	[Applicable/Not Applicable]
(ix) Valuation Time:	[ ]

PROVISIONS RELATING TO REDEMPTION

21. Issuer Call:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a) Optional Redemption Date(s):	[ ]
(b) Optional Redemption Amount and method, if any, of calculation of such amount(s):	[ ] per Calculation Amount/*specify other*/see Appendix]
(c) If redeemable in part:	
(i) Minimum Redemption Amount:	[ ]
(ii) Maximum Redemption Amount:	[ ]
(d) Notice period (if other than as set out in the Conditions):	[ ] (*N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee.*)
22. Investor Put:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a) Optional Redemption Date(s):	[ ]
(b) Optional Redemption Amount and method, if any, of calculation of such amount(s):	[ ] per Calculation Amount/*specify other*/see Appendix]

[7] *To be inserted if the underlying hedge provides for the Buy-in provisions in the 2003 ISDA Credit Derivatives Definitions.*

(c) Notice period (if other than as set out in the Conditions):	[ ] (*N.B. If setting notice periods which are different from those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee.*)
23. Final Redemption Amount:	[ ] per Calculation Amount/*specify other*/see Appendix] (*N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.*)
24. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 9.5):	[ ] per Calculation Amount/*specify other*/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. (a) Form of Notes:	[Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date]
[Bearer Notes:	Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]] [Permanent Bearer Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/ only upon an Exchange Event]] (*Ensure that this is consistent with the wording in the "Form of the Notes" section in the Prospectus and the Notes themselves.*) (*N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect:* "[*€50,000*] *and integral multiples of* [*€1,000*] *in excess thereof up to and including* [*€99,000*]." *Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.*)*
[Registered Notes:	Regulation S Global Note (U.S.$[ ] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Note (U.S.$[ ] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]/Definitive IAI Registered Notes (*specify nominal amounts*)]
(b) New Global Note:	[Yes] [No]

26. Additional Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/*give details*] (*Note that this paragraph relates to the place of payment and not Interest Period end dates to which subparagraphs 15(b), 16(a) and 18(g) relate*)
27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details. N.B. a new form of Temporary Bearer Global Note may be required for Partly Paid issues*]
29. Details relating to Instalment Notes:	
(a) Instalment Amount(s):	[Not Applicable/*give details*]
(b) Instalment Date(s):	[Not Applicable/*give details*]
30. Details relating to Extendible Notes:	[Not Applicable/*give details*]
31. Redenomination applicable:	Redenomination [not] applicable [(*If Redenomination is applicable, specify the applicable Day Count Fraction and any provisions necessary to deal with floating rate interest calculation (including alternative reference rates))*][(*if Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms)*]
32. Other final terms:	[Not Applicable/*give details*] [(*When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive*)] (*Consider including a term providing for tax certification if required to enable interest to be paid gross by issuers.*)

DISTRIBUTION

33. (a) If syndicated, names [and address]** of Managers [and underwriting commitments]:**	[Not Applicable/*give names,* [*addresses and underwriting commitments*]**] (*If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers*)***
(b) Date of [Subscription] Agreement:	[ ] (*Delete if the minimum denomination of the Notes is less than €50,000 or equivalent and the Notes are not derivative securities to which Annex XII of the Prospectus Directive Regulation applies*)
(c) Stabilising Manager (if any):	[Not Applicable/*give name*]

34. If non-syndicated, name [and address]** of relevant Dealer:	[[Not Applicable/*give name [and address]***]
35. Total commission and concession:**	[ ] per cent. of the Aggregate Nominal Amount**
36. U.S. Selling Restrictions	[Reg. S Compliance Category: TEFRA D/TEFRA C/ TEFRA not applicable]
37. Non exempt Offer:**	[Not Applicable] [An offer of the Notes may be made by the Managers [and [*specify names of other financial intermediaries/placers making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. "other parties authorised by the Managers") or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known*]] (together with the Managers, the **Financial Intermediaries**) other than pursuant to Article 3(2) of the Prospectus Directive in [*specify relevant Member State(s) – which must be jurisdictions where the Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)*] (**Public Offer Jurisdictions**) during the period from [*specify date*] until [*specify date or a formula such as "the Issue Date" or "the date which falls* [ ] *Business Days thereafter"*] (**Offer Period**). See further Paragraph 10 of Part B below. (*N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/ passported.*)
38. Additional selling restrictions:	[Not Applicable/give details]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [, offer in the Public Offer Jurisdictions] and admission to trading on [*specify relevant regulated market*] of the Notes described herein pursuant to the €60,000,000,000 Euro Medium Term Note Programme of UniCredito Italiano S.p.A./UniCredito Italiano Bank (Ireland) p.l.c. [guaranteed by UniCredito Italiano S.p.A.].

RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in these Final Terms. [[*Relevant third-party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components*] has been extracted from [*specify source*]. The Issuer [and the Guarantor] confirm[s] that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of [name of the Issuer]:	[Signed on behalf of [name of the Guarantor]:
By:	By: .....
Duly authorised	*Duly authorised*
By:	By: .....
Duly authorised	*Duly authorised*]

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(a) Listing and admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange's Gilt Edged and Fixed Interest Market or the Regulated Market of the Irish Stock Exchange) and, if relevant, admission to an official list (for example, the Official List of the UK Listing Authority)*] with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange's Gilt Edged and Fixed Interest Market or the Regulated Market of the Irish Stock Exchange) and, if relevant, admission to an official list (for example, the Official List of the UK Listing Authority*)] with effect from [[Not Applicable.]
(b) Estimate of total expenses related to admission to trading:*	[ ]*

2. RATINGS

Ratings:	The Notes are expected to be rated: [S & P: [ ]] [Moody's: [ ]] [Fitch: [ ]] [[Other]: [ ]] [*Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.*]** (*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.*)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. – *Amend as appropriate if there are other interests*]

[(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.*)]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[*Where the minimum denomination of the Notes is €50,000 (or its equivalent in another currency), delete unless the Notes are derivative securities to which Annex XII of the Prospectus Directive applies.*]

(a) [Reasons for the offer**:	[ ] (*See "Use of Proceeds" wording in Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.*)**]

(b) Estimated net proceeds**: [ ]

(*If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.*)**

(c) Estimated total expenses**: [ ]

[*Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "use".*] **

(*N.B.: If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (a) above is required where the reasons for the offer are different from making profit and/or hedging certain risks regardless of the minimum denomination of the securities and where this is the case disclosure of net proceeds and total expenses at (b) and (c) above are also required.*)

5. YIELD (*Fixed Rate Notes only:*)

Indication of yield: [ ]

[Calculated as [*include details of method of calculation in summary form*] on the Issue Date.]**
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. HISTORIC INTEREST RATES (*Floating Rate Notes only*)**

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].

7. PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING UNDERLYING, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS (*Index Linked Interest Notes and Credit Linked Notes only*)***

(*N.B. The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.*)

*If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.***

[*Need to include details of where past and future performance and volatility of the index/formula can be obtained.*]

[*Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and, if the index is not composed by the Issuer, need to include details of where the information about the index can be obtained.*]]

[*Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.*]

[(*When completing the above paragraphs, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.*)]

[Post-issuance information

The Issuer [does not] intend to publish post-issuance information in relation to any underlying element to which the Notes are linked or with regard to assets underlying issues of instruments constituting derivative securities.]

8. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (*Dual Currency Notes only*)***

(*N.B. The requirement below only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.*)

[*If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.*]**

[*Need to include details of where past and future performance and volatility of the relevant rates can be obtained.*]

[(*When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.*)]

9. OPERATIONAL INFORMATION

(a)	ISIN Code:	[ ]
(b)	Common Code:	[ ]
(c)	Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
(d)	Delivery:	Delivery [against/free of] payment
(e)	Names and addresses of additional Paying Agent(s) (if any):	[ ]
(f)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes] [No] [Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with Clearstream Banking, société anonyme or Euroclear Bank S.A./N.V. as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] (*include this text if "yes" selected, in which case the Notes must be issued in NGN form.*)

[10. TERMS AND CONDITIONS OF THE OFFER**

(a)	Offer Price:	[Issue Price/Not applicable/*specify*]
(b)	Conditions to which the offer is subject:	[Not applicable/*give details*]
(c)	Description of the application process:	[Not applicable/*give details*]
(d)	Details of the minimum and/or maximum amount of application:	[Not applicable/*give details*]

(e)	Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not applicable/*give details*]
(f)	Details of the method and time limits for paying up and delivering the Notes:	[Not applicable/*give details*]
(g)	Manner in and date on which results of the offer are to be made public:	[Not applicable/*give details*]
(h)	Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not applicable/*give details*]
(i)	Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:	[Not applicable/*give details*]
(j)	Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not applicable/*give details*]
(k)	Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not applicable/*give details*]
(l)	Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.	[None/*give details*]]

Notes:

* *Delete if the minimum denomination is less than €50,000.*

** *Delete if the minimum denomination is €50,000.*

*** *Required for derivative securities to which Annex XII to the Prospectus Directive Regulation applies.*

Terms and Conditions of the Notes

The following are the Terms and Conditions of the Notes which will be attached to or (in the case of Notes issued by UCI Ireland) incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange, the competent authority or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes constituted by a Second Amended and Restated Trust Deed, containing the terms of the guarantee applicable to the Notes issued by UniCredito Italiano Bank (Ireland) p.l.c. (**UCI Ireland**) dated 12 November, 2007 and made between UniCredito Italiano S.p.A. (**UniCredito** or the **Parent**), UCI Ireland, UniCredito Italiano S.p.A. (in its capacity as guarantor of Notes issued by UCI Ireland, the **Guarantor**, which expression shall include any company substituted in place of the Guarantor in accordance with Condition 20) and Citicorp Trustee Company Limited (the **Trustee**, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the time being for the Noteholders (such Amended and Restated Trust Deed, as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) and issued by UniCredito or UCI Ireland (or any other company which has become an issuer under the Programme and the Trust Deed in accordance with Condition 20) as indicated in the applicable Final Terms (the **Issuer**, which expression shall include any company substituted in place of the Issuer in accordance with Condition 20). These terms and conditions (the **Conditions**) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Registered Notes, Coupons, Receipts and Talons referred to below.

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

(a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;

(b) any Global Note;

(c) any definitive Notes in bearer form (**Definitive Bearer Notes**) issued in exchange for a Global Note in bearer form; and

(d) definitive Notes in registered form (**Definitive Registered Notes**) (whether or not issued in exchange for a Global Note in registered form).

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement dated 12 November, 2007 (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) and made between UniCredito, UCI Ireland, the Guarantor, the Trustee, Citibank, N.A., London Branch as issuing and principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), Citibank, N.A., London Branch as exchange agent (the **Exchange Agent** which expression shall include any successor exchange agent) and as registrar (the **Registrar**, which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agents).

Interest bearing definitive Bearer Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final

instalment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The Final Terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the **Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Receiptholders** shall mean the holders of the Receipts and any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed, the Agency Agreement and a deed poll dated 12 November, 2007 (the **Deed Poll**) and executed by UniCredito and UCI Ireland are available for inspection during normal business hours at the principal office for the time being of the Trustee being at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and at the specified office of each of the Principal Paying Agent, the Registrar and the other Paying Agents and Transfer Agents (such Agents and the Registrar being together referred to as the **Agents**) and the Luxembourg Listing Agent as long as the Notes are listed on the Luxembourg Stock Exchange. Copies of the applicable Final Terms are available for viewing during normal business hours at the specified office of each of the Agents save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer, the Trustee and the relevant Paying Agent as to its holding of such Notes and identity unless the regulations of the relevant stock exchange require otherwise. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are applicable to them.

Words and expressions defined in the Trust Deed, the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and vice versa.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note, a Credit Linked Interest Note, an Extendible Note (each as hereinafter defined), or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

If this Note is an Extendible Note, as specified in the applicable Final Terms, it will be a Note issued by UCI Ireland and there will be an option exercisable by the Noteholder to extend the original Maturity Date of such note. The applicable Final Terms will set forth the number of periods for which the maturity of such

Note is extendible, the date beyond which the final maturity may not be extended and the procedure for notification of such extension.

This Note may be an Index Linked Redemption Note, a Credit Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

This Note may also be a Senior Note, a Lower Tier II Subordinated Note or an Upper Tier II Subordinated Note issued by UniCredito or UCI Ireland or a Tier III Subordinated Note issued by UniCredito, as indicated in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Trust Deed and the Agency Agreement. The Issuer, the Guarantor (in the case of Guaranteed Notes), the Paying Agents and the Trustee will (except as otherwise required by law or as otherwise required by a court of competent jurisdiction or a public official authority) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**), and/or the Depositary Trust Company (**DTC**) or its nominee each person (other than Euroclear or Clearstream, Luxembourg or DTC) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg or of DTC as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg or DTC as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error or proven error) shall be treated by the Issuer, the Guarantor (in the case of Guaranteed Notes) the Paying Agents and the Trustee as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Guarantor (in the case of Guaranteed Notes) any Paying Agent and the Trustee as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of DTC, Euroclear and Clearstream, Luxembourg, as the case may be.

Except in relation to Notes indicated in the applicable Final Terms as being in NGN form, references to DTC, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms, provided that, in the case of the Notes issued in NGN form, such additional or alternative clearing system must also be authorised to hold such Notes as eligible collateral for Eurosystem monetary policy and intra-day credit operations.

2. TRANSFERS OF REGISTERED NOTES

2.1 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC,

Euroclear or Clearstream, Luxembourg, as the case may be and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

2.2 Transfers of Registered Notes in definitive form

Subject as provided in Conditions 2.5, 2.6 and 2.7 below, upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent and (b) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Trustee and the Registrar may from time to time prescribe (with the prior written approval of the Trustee) (the initial such regulations being set out in Schedule 3 to the Agency Agreement). Subject as provided above, the Registrar will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), deliver, or procure the delivery of, at its specified office or the specified office of a Transfer Agent to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form, duly authenticated by the Registrar, of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 9, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

2.4 Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

2.5 Transfers of interests in Regulation S Global Notes

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

(a) upon receipt by the Registrar of a written certification substantially in the form set out in the Trust Deed, amended as appropriate (a **Transfer Certificate**), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made:

  (i) to a person whom the transferor reasonably believes to be a QIB in a transaction meeting the requirements of Rule 144A; or

  (ii) to a person who is an Institutional Accredited Investor, together with, in the case of (ii), a duly executed investment letter from the relevant transferee substantially in the form set out in the Trust Deed (an **IAI Investment Letter**); or

(b) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S.

counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of (i) above, such transferee may take delivery through a Legended Note in global or definitive form and, in the case of (ii) above, such transferee may take delivery only through a Legended Note in definitive form. After expiry of the applicable Distribution Compliance Period (A) beneficial interests in Regulation S Global Notes registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (B) such certification requirements will no longer apply to such transfers.

2.6 Transfers of interests in Legended Notes

Transfers of Legended Notes or beneficial interests therein may be made:

(a) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that is the case of a Regulation S Global Note registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately through Euroclear and/or Clearstream, Luxembourg; or

(b) to a transferee who takes delivery of such interest through a Legended Note:

(i) where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or

(ii) where the transferee is an Institutional Accredited Investor, subject to delivery to the Registrar of a Transfer Certificate from the transferor to the effect that such transfer is being made to an Institutional Accredited Investor, together with a duly executed IAI Investment Letter from the relevant transferee; or

(c) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Notes transferred by Institutional Accredited Investors to QIBs pursuant to Rule 144A or outside the United States pursuant to Regulation S will be eligible to be held by such QIBs or non-U.S. investors through DTC, Euroclear or Clearstream, Luxembourg, as appropriate, and the Registrar will arrange for any Notes which are the subject of such a transfer to be represented by the appropriate Registered Global Note, where applicable.

Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the legend, the Registrar shall deliver only Legended Notes or refuse to remove such legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

2.7 Exchanges and transfers of Registered Notes generally

Holders of Registered Notes in definitive form, other than Institutional Accredited Investors, may exchange such Notes for interests in a Registered Global Note of the same type at any time.

2.8 Definitions

In this Condition, the following expressions shall have the following meanings:

Distribution Compliance Period means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

Institutional Accredited Investor means accredited investors (as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that are institutions;

Legended Note means Registered Notes in definitive form that are issued to Institutional Accredited Investors and Registered Notes (whether in definitive form or represented by a Registered Global Note) sold in private transactions to QIBs in accordance with the requirements of Rule 144A;

QIB means a "qualified institutional buyer" within the meaning of Rule 144A as defined below;

Regulation S means Regulation S under the Securities Act;

Regulation S Global Note means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

Rule 144A means Rule 144A under the Securities Act;

Rule 144A Global Note means a Registered Global Note representing Notes sold in the United States or to QIBs; and

Securities Act means the United States Securities Act of 1933, as amended.

3. GUARANTEED NOTES

This Condition 3 applies only to Notes specified in the applicable Final Terms as being Guaranteed Notes.

If the Notes are specified in the applicable Final Terms to be guaranteed (**Guaranteed Notes**), the Guarantor has unconditionally and irrevocably guaranteed the due performance of all payment and other obligations of the Issuer under the Notes, Receipts and Coupons, these Conditions and the Trust Deed. The obligations of the Guarantor in this respect (the **Guarantee**) are contained in the Trust Deed.

4. STATUS OF THE SENIOR NOTES AND THE SENIOR GUARANTEE

This Condition 4 applies only to Notes specified in the applicable Final Terms as being Senior Notes.

The Senior Notes and any relative Receipts and Coupons and (in the case of Guaranteed Notes) the obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and the Guarantor respectively, ranking equally (subject to any obligations preferred by any applicable law) with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer and the Guarantor respectively, present and future and, in the case of the Senior Notes, *pari passu* and rateably without any preference among themselves. Any payment by the Guarantor under the Guarantee shall (to the extent of such payment) extinguish the corresponding debt of the Issuer.

5. STATUS OF THE SUBORDINATED NOTES AND THE SUBORDINATED GUARANTEE

This Condition 5 applies only to Notes specified in the applicable Final Terms as being Lower Tier II Subordinated Notes, Upper Tier II Subordinated Notes or Tier III Subordinated Notes (together referred to in these Conditions as **Subordinated Notes**).

Paragraphs 5.1 to 5.3 apply only to Subordinated Notes issued by UniCredito, paragraph 5.4 applies only to the Subordinated Guarantee in respect of UCI Ireland Subordinated Notes and paragraphs 5.5 to 5.7 apply only in relation to Lower Tier II Subordinated Notes and Upper Tier II Subordinated Notes issued by UCI Ireland (together referred to in these Conditions also as **UCI Ireland Subordinated Notes**).

5.1 Status of Subordinated Notes issued by UniCredito

(a) Upper Tier II Subordinated Notes (*strumenti ibridi di patrimonializzazione*, as defined in the Regulations of the Bank of Italy (*Istruzioni di Vigilanza della Banca d'Italia*) and the Bank of Italy note n.263 of 27 December, 2006 (the **Bank of Italy Regulations**) or in any provision which, from time to time, amends or replaces such definition), Lower Tier II Subordinated Notes (*passività subordinate*, as defined in the Bank

of Italy Regulations or in any provision which, from time to time, amends or replaces such definition) and Tier III Subordinated Notes (*prestiti subordinati di 3° livello*, as defined in the Bank of Italy Regulations or in any provision which, from time to time, amends or replaces such definition) and any relative Receipts and Coupons constitute unconditional, unsecured and subordinated obligations of UniCredito and, subject to Conditions 5.2(a), 5.2(b) and 5.3, rank *pari passu* without any preference among themselves except as otherwise provided in these Conditions in connection with Upper Tier II Subordinated Notes.

(b) In the event of the winding-up, dissolution, liquidation or bankruptcy of UniCredito or in the event that UniCredito becomes subject to an order for *Liquidazione Coatta Amministrativa*, as defined in Legislative Decree No. 385 of 1 September, 1993 of the Republic of Italy, as amended (the **Italian Banking Act**) the payment obligations of UniCredito under the Subordinated Notes and the relative Receipts and Coupons will rank in right of payment after unsubordinated unsecured creditors (including depositors) of UniCredito and after all creditors of UniCredito holding instruments which are less subordinated than the relevant Subordinated Notes but at least *pari passu* with all other subordinated obligations of UniCredito which do not rank or are not expressed by their terms to rank junior or senior to the relevant Subordinated Notes and in priority to the claims of shareholders of UniCredito.

(c) In relation to each Series of Subordinated Notes all Subordinated Notes of such Series will be treated equally and all amounts paid by UniCredito in respect of principal and interest thereon will be paid *pro rata* on all Subordinated Notes of such Series.

(d) Each holder of a Subordinated Note unconditionally and irrevocably waives any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Subordinated Note.

(e) The repayment of the principal and the payment of interest (as defined below) in respect of Subordinated Notes are obligations of UniCredito. The repayment of the Subordinated Notes is not covered by the guarantee of the *Fondo Interbancario di Tutela dei Depositi (***Italian Inter-Bank Fund for the Protection of Deposits**).

5.2 Special provisions relating to Upper Tier II Subordinated Notes

(a) Loss Absorption

To the extent that UniCredito at any time suffers losses which (as provided for in Articles 2446 and 2447 of the Italian Civil Code) would require UniCredito to reduce its paid up share capital and reserves below the minimum capital as provided for by the Bank of Italy from time to time for the issuance or maintenance of the Bank of Italy's authorisation to carry on banking activities and as determined by the external auditors of UniCredito and certified in writing to the Trustee by two Directors of UniCredito (the **Minimum Capital**), the obligations of UniCredito in respect of principal and interest under the Upper Tier II Subordinated Notes will be reduced to the extent necessary to enable UniCredito, in accordance with requirements under Italian legal and regulatory provisions, to maintain at least the Minimum Capital.

The obligations of UniCredito in respect of principal and interest under the Upper Tier II Subordinated Notes which are so reduced will be reinstated whether or not the Maturity Date of the relevant obligations has occurred:

(i) in whole, in the event of winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*, as described in Articles 80 to 94 of the Italian Banking Act) of UniCredito and with effect immediately prior to the commencement of such winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*), as if such obligations of the UniCredito had not been so reduced in accordance with this Condition 5.2(a); and

(ii) in whole or in part, from time to time, to the extent that UniCredito, by reason of its having profits, or by reason of its obtaining new capital contributions, or by reason of the occurrence of any other event, would again have at least the Minimum Capital and, therefore, would not be required to reduce its obligations in respect of principal and interest in accordance with this Condition 5.2(a).

UniCredito shall forthwith give notice of any such reduction and/or reinstatement to the Trustee and to the Noteholders in accordance with Condition 18 and, under the provisions of the Trust Deed, the Trustee is entitled to rely on any such notification without further investigation.

(b) Deferral of Interest

UniCredito will not be required to pay interest on the Upper Tier II Subordinated Notes on an Interest Payment Date if (i) no annual dividend has been approved, paid or set aside for payment by a shareholders' meeting of UniCredito or paid in respect of any class of shares of UniCredito during the 12-month period ending on, but excluding, the second London Business Day (as defined in Condition 7.2(e)) immediately preceding such Interest Payment Date, or (ii) the Board of Directors of UniCredito has announced, at the time of the release of any interim accounts published during the six-month period ending on, but excluding, the second London Business Day immediately preceding such Interest Payment Date, that, based on such interim accounts, no sums are available at such time for the payment of interim dividends, in accordance with Article 2433-*bis* of the Italian Civil Code. Any such unpaid amounts of interest will constitute arrears of interest which will bear interest at the rate applicable to the relevant Upper Tier II Subordinated Notes. Arrears of interest (together with any additional interest amount in respect of such arrears of interest) will become due and payable (A) in part *pari passu* and *pro rata* if and to the extent that UniCredito makes payments of or in respect of amounts of interest on or in relation to any other *pari passu* claims not including Lower Tier II Subordinated Notes and Tier III Subordinated Notes; and (B) in full on the earliest to occur of (I) the Interest Payment Date falling on or after the date on which a dividend is approved or paid on any class of shares of UniCredito; (II) the date for repayment of the Upper Tier II Subordinated Notes; and (III) the date on which the *Liquidazione Coatta Amministrativa* of UniCredito is commenced pursuant to Article 83 of the Italian Banking Act or on which UniCredito becomes subject to a liquidation order.

UniCredito shall forthwith give notice of any such deferral of interest to the Trustee and the Noteholders in accordance with Condition 18 and, under the provisions of the Trust Deed, the Trustee is entitled to rely on any such notification without further investigation.

5.3 Special provisions relating to Tier III Subordinated Notes – Lock-in Clause

(a) The payment of the sums due with respect to interest and/or principal on Tier III Subordinated Notes will be entirely suspended and deferred, and any such suspension and deferral to pay shall not constitute a default of UniCredito under these Conditions if, at the time any such payment becomes due:

(i) UniCredito's Total Amount of Regulatory Capital (as defined below) is, on a consolidated or unconsolidated basis, less than the aggregate minimum credit risk (*rischio creditizio*) capital requirements of UniCredito, as provided by the then applicable Bank of Italy Regulations, on a consolidated or unconsolidated basis; or

(ii) upon payment of interest and/or repayment of principal under the Tier III Subordinated Notes, UniCredito's Total Amount of Regulatory Capital becomes, on a consolidated or unconsolidated basis, less than the aggregate minimum credit risk (*rischio creditizio*) capital requirements of UniCredito, as provided by the then applicable Bank of Italy Regulations, on a consolidated or unconsolidated basis.

(b) **UniCredito's Total Amount of Regulatory Capital** means:

(i) on an unconsolidated basis, the aggregate amount of the items stated and defined in (A), (B), (C), (D), (E), and (F) below and any additional, replacement and/or adjusted or other items, in each case which may from time to time be required to be included pursuant to the then applicable Bank of Italy Regulations for the purposes of calculating UniCredito's Total Amount of Regulatory Capital;

(ii) on a consolidated basis, the aggregate amount of the items listed in (i) above, calculated on a consolidated basis, according to the Bank of Italy Regulations from time to time applicable,

where:

(A) taken as a positive figure, means the aggregate amount of the regulatory capital of UniCredito (*Patrimonio di Vigilanza*), calculated on an unconsolidated basis, as set forth in the then applicable Bank of Italy Regulations;

(B) taken as a positive figure, means the aggregate amount of any indebtedness of UniCredito qualified by the Bank of Italy as *passività subordinate di 3° livello*, intended to cover the minimum capital requirements for market risks, calculated on an unconsolidated basis (as defined in the Bank of Italy Regulations or any provision which amends or replaces such definition) in accordance with the following paragraph (C), provided however that the amount of such indebtedness can only be included up to the absolute amount of the following paragraph (C);

(C) taken as a negative figure, means the minimum capital requirements for market risks of UniCredito, calculated on an unconsolidated basis (as defined in the Bank of Italy Regulations or any provision which amends or replaces such definition);

(D) taken as a negative figure, means the excess of the limit to the ownership of shareholdings in non-financial companies acquired by UniCredito following the recovery of credits (as defined in the Bank of Italy Regulations or any provision which amends or replaces such definition);

(E) taken as a negative figure, means the excess over the limit on the ownership of real estate acquired by UniCredito following the recovery of credits (as defined in the Bank of Italy Regulations or any provision which amends or replaces such definition); and

(F) taken as a negative figure, means any additional specific capital requirements imposed on UniCredito by the Bank of Italy, to the extent not taken into account in paragraphs (C) to (E).

(c) For the purposes of the Tier III Subordinated Notes, UniCredito's Total Amount of Regulatory Capital is deemed to be equal to or more than the minimum credit risk (*rischio creditizio*) capital requirements of UniCredito as required by the then applicable Bank of Italy Regulations, when:

(i) UniCredito's Total Amount of Regulatory Capital, calculated on an unconsolidated basis, is equal to or more than the 7 per cent. (or such other percentage as may be, from time to time, set forth, on an unconsolidated basis, by the Bank of Italy) of the aggregate weighted assets to be comprised in the calculation, on an unconsolidated basis, of the minimum capital requirements of UniCredito (such assets being defined in the Bank of Italy Regulations or any provision which amends or replaces such definition); and

(ii) UniCredito's Total Amount of Regulatory Capital, calculated on a consolidated basis, is equal to or more than 8 per cent. (or such other percentage as the Bank of Italy may, from time to time, require on a consolidated basis) of the aggregate weighted assets to be comprised in the calculation of the consolidated minimum capital requirements of the banking group controlled directly or indirectly by UniCredito (such assets being defined in the Bank of Italy Regulations or any provision which amends or replaces such definition).

(d) The obligations of UniCredito to effect the payment of interest (including Arrears of Interest and Default Interest (each as defined below)) not paid when due and/or to repay principal not repaid when due, in each case in accordance with Condition 5.3(a), will (subject to, and to the extent provided in, Condition 5.3(e)), be reinstated and will start to accrue in whole and as if the payment obligations of UniCredito had never been so suspended (but without prejudice to the subordination provided for in Condition 5.1):

(i) in the event of a bankruptcy, dissolution, liquidation or winding-up of UniCredito or in the event that UniCredito becomes subject to an order for *Liquidazione Coatta Amministrativa*; or

(ii) in the event that UniCredito's Total Amount of Regulatory Capital after the payment of interest and/or repayment of principal is, both on an unconsolidated and on a consolidated basis, equal to or more than the minimum aggregate credit risk (*rischio creditizio*) capital requirements of UniCredito, both on an unconsolidated and consolidated basis, as respectively required by the then applicable Bank of Italy Regulations.

(e) Where, following any suspension and deferral pursuant to Condition 5.3(a), the obligation to pay interest (including Arrears of Interest and Default Interest) and/or to repay principal has been reinstated pursuant to Condition 5.3(d)(ii), the obligation will become effective at and will be paid on the first Interest Payment Date (or, if none, on the tenth Business Day) immediately following the date of receipt by the Bank of Italy of a Report (as defined below), according to which UniCredito's Total Amount of

Regulatory Capital net of amounts to be paid in respect of interest and/or repayment of principal, both on an unconsolidated and consolidated basis, is equal to or more than the minimum aggregate credit risk (*rischio creditizio*) capital requirements set forth by the then applicable Bank of Italy Regulations.

If the payment of interest and/or the repayment of principal has been suspended pursuant to the provisions of Condition 5.3(a), the reinstatement of the obligation to make payment and/or repayment in respect thereof pursuant to Condition 5.3(d) shall, where there are insufficient amounts pursuant to the foregoing provisions to make full payment in respect thereof, be made in part as such amounts become so available pursuant to the foregoing provisions in the following order:

(i) payment of any Default Interest (as defined below) (where not paid in full, Default Interest shall be paid in the order in which it accrued);

(ii) payment of any Arrears of Interest (as defined below) (where not paid in full, Arrears of Interest shall be paid in the order in which it accrued);

(iii) payment of interest otherwise due pursuant to Condition 7; and

(iv) repayment of principal.

All payments to holders of Tier III Subordinated Notes will be made on a *pro rata* basis.

(f) If for any reason (including, but not limited to, merger or any other extraordinary transaction) UniCredito, in accordance with any applicable laws and regulations, ceases to be a member of a banking group, the percentage referred to in Condition 5.3(c)(i) will be the percentage required by the then applicable Bank of Italy Regulations on an unconsolidated basis.

(g) If for any reason (including, but not limited to, merger or any other extraordinary transaction) UniCredito, in accordance with any applicable laws and regulations, ceases to be a member of a banking group, all references in this Condition 5.3 to parameters referred to consolidated figures of the Issuer will automatically be voided, becoming references to parameters calculated on an unconsolidated basis (but without prejudice to the provisions of Condition 5.3(d)).

(h) Arrears of Interest and Default Interest

Any interest that UniCredito does not pay when due shall constitute, for the purposes of the Tier III Subordinated Notes, **Arrears of Interest**.

Arrears of Interest not paid by UniCredito in accordance with Condition 5.3(a) shall not bear default interest. In all other cases, Arrears of Interest not paid by UniCredito when due for reasons other than those provided for in Condition 5.3 shall accrue default interest (**Default Interest**) at the Rate of Interest in accordance with Condition 7 as if references therein to the outstanding nominal amount of a Note were references to the Arrears of Interest in respect thereof.

Such Default Interest will accrue during the entire period from the date of the failure to pay Arrears of Interest until the date of their full payment.

(i) In these Terms and Conditions:

Report means the report that UniCredito, under the Bank of Italy Regulations, is required to send semi-annually to the Bank of Italy for purposes of the control of compliance with minimum regulatory capital requirements, on an unconsolidated and consolidated basis, as at 31 December and 30 June of each fiscal year. For the purposes of these Terms and Conditions, neither the quarterly report which Italian banks are required to send for the sole purposes of the control of compliance with the minimum regulatory capital requirements on an unconsolidated basis as at 31 March and 30 September of each fiscal year, nor any such other reporting which the Bank of Italy may in the future require to be made, will be taken into account.

(j) The Trustee shall be entitled to rely on any notices or reports from the Issuer to the Bank of Italy as to the value from time to time of UniCredito's Total Amount of Regulatory Capital without further investigation.

5.4 Status of the Subordinated Guarantee

The obligations of UniCredito in respect of each Series of UCI Ireland Subordinated Notes (the **Subordinated Guarantee**) constitute direct, unsecured and subordinated obligations of UniCredito.

All amounts paid by UniCredito under the Subordinated Guarantee in respect of principal and interest on each Series of Upper Tier II Subordinated Notes or Lower Tier II Subordinated Notes issued by UCI Ireland will be paid *pro rata* on all Upper Tier II Subordinated Notes or Lower Tier II Subordinated Notes issued by UCI Ireland, as the case may be, of such Series.

In the event of the winding-up, dissolution, liquidation or bankruptcy of UniCredito or in the event that UniCredito becomes subject to an order for *Liquidazione Coatta Amministrativa*, as defined in the Italian Banking Act, the payment obligations of UniCredito under the Subordinated Guarantee shall rank in right of payment after unsubordinated unsecured creditors (including depositors) of UniCredito but at least *pari passu* with all other present and future subordinated obligations of Unicredito of the same nature and in priority to the claims of shareholders of UniCredito.

In addition, neither the obligations of UCI Ireland in respect of UCI Ireland Subordinated Notes nor the obligations of UniCredito in respect of the Subordinated Guarantee are covered by the *Fondo Interbancario di Tutela dei Depositi* (**Italian Interbank Fund for the Protection of Deposits**).

(a) Status of the Subordinated Guarantee in respect of the Upper Tier II Subordinated Notes

(i) *Loss Absorption*

To the extent that UniCredito at any time suffers losses which (as provided for in Articles 2446 and 2447 of the Italian Civil Code) would require UniCredito to reduce its capital below the Minimum Capital, the obligations of UniCredito under the Subordinated Guarantee in respect of principal and interest payable by UCI Ireland under the Upper Tier II Subordinated Notes will be reduced to the extent necessary to enable UniCredito, in accordance with requirements under Italian legal and regulatory provisions, to maintain at least the Minimum Capital.

The obligations of UniCredito in respect of such principal and interest under the Upper Tier II Subordinated Notes under the Subordinated Guarantee which are so reduced will be reinstated whether or not the Maturity Date of the relevant obligations has occurred:

(A) in whole, in the event of winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*, as described in Articles 80 to 94 of the Italian Banking Act) of UniCredito and with effect immediately prior to the commencement of such winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*), as if such obligations of UniCredito had not been so reduced in accordance with this Condition 5.4(a)(i) and if the relevant payment obligations have otherwise matured or become enforceable; and

(B) in whole or in part, from time to time, to the extent that UniCredito, by reason of its having profits, or by reason of its obtaining new capital contributions, or by reason of the occurrence of any other event, would again have at least the Minimum Capital and, therefore, would not be required to reduce its obligations in respect of such principal and interest under this Guarantee in accordance with this Condition 5.4(a)(i).

UniCredito shall forthwith give notice of any such reduction and/or reinstatement to the Trustee and the Noteholders in accordance with Condition 18 and, under the provisions of the Trust Deed, the Trustee is entitled to rely on any such notification without further investigation.

(ii) *Deferral of Interest*

UniCredito will not be required to make any payment under the Subordinated Guarantee in respect of interest on Upper Tier II Subordinated Notes on an Interest Payment Date if (A) no annual dividend has been approved, paid or set aside for payment by a shareholders' meeting of UniCredito or paid in respect of any class of shares of UniCredito during the 12-month period ending on, but excluding, the second London Business Day (as defined in Condition 7.2(e)) immediately preceding such Interest Payment Date or (B) the Board of Directors of UniCredito has announced, at the time of the release of any interim accounts published during the six-month period ending on, but excluding, the second London Business Day immediately preceding such Interest

Payment Date, that, based on such interim accounts, no sums are available at such time for the payment of interim dividends, in accordance with Article 2433-*bis* of the Italian Civil Code. Any such unpaid amounts in respect of interest will constitute, for the purposes of Upper Tier II Subordinated Notes, **Arrears of Interest**, which will bear interest at the rate applicable to the relevant Upper Tier II Subordinated Notes. Arrears of Interest (together with any additional interest amount in respect of such arrears of interest) will become due and payable (I) in part *pari passu* and *pro rata* if and to the extent that UniCredito makes payments of or in respect of amounts of interest on or in relation to any other *pari passu* claims; and (II) in full on the earliest to occur of (1) the Interest Payment Date falling on or after the date on which a dividend is approved or paid on any class of shares of UniCredito; (2) the date for repayment of the Upper Tier II Subordinated Notes; or (3) the date on which the *Liquidazione Coatta Amministrativa* of UniCredito is commenced pursuant to Article 83 of the Italian Banking Act or on which UniCredito becomes subject to a liquidation order.

UniCredito shall forthwith give notice of any such deferral of interest to the Trustee and the Noteholders in accordance with Condition 18 and, under the provisions of the Trust Deed, the Trustee is entitled to rely on any such notification without further investigation.

(iii) *Subordination of the Upper Tier II Subordinated Notes*
In the event of winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*, as described in Articles 80 to 94 of the Italian Banking Act) of UniCredito, the payment obligations of UniCredito under the Subordinated Guarantee in respect of amounts relating to each Series of the Upper Tier II Subordinated Notes and the relative Receipts and Coupons will rank in right of payment after unsubordinated unsecured creditors (including depositors) and payment obligations of UniCredito under the Subordinated Guarantee in respect of amounts relating to the Lower Tier II Subordinated Notes and senior to the claims to shareholders of UniCredito.

(b) **Status of the Subordinated Guarantee in respect of the Lower Tier II Subordinated Notes**

In the event of winding-up, dissolution, liquidation or bankruptcy (including, *inter alia*, *Liquidazione Coatta Amministrativa*, as described in Articles 80 to 94 of the Italian Banking Act) of UniCredito, the payment obligations of UniCredito under the Subordinated Guarantee in respect of amounts relating to each Series of the Lower Tier II Subordinated Notes (*passività subordinate*) and the relative Receipts and Coupons will rank in right of payment after unsubordinated unsecured creditors (including depositors) of UniCredito but at least senior to the payment obligations of UniCredito under the Subordinated Guarantee in respect of amounts relating to any Series of Upper Tier II Subordinated Notes and to the claims of shareholders of UniCredito.

5.5 Status of Subordinated Notes issued by UCI Ireland

(a) Upper Tier II Subordinated Notes and any related Coupons constitute unconditional and unsecured obligations of UCI Ireland subordinated as described in Condition 5.7(a). Notes of each Series of Upper Tier II Subordinated Notes will rank *pari passu* without any preference among themselves.

(b) Lower Tier II Subordinated Notes and any related Coupons constitute unconditional and unsecured obligations of UCI Ireland subordinated as described in Condition 5.6. Notes of each Series of Lower Tier II Subordinated Notes will rank *pari passu* without any preference among themselves.

(c) In relation to each Series of UCI Ireland Subordinated Notes, all UCI Ireland Subordinated Notes of such Series will be treated equally and all amounts paid by UCI Ireland in respect of principal and interest thereon will be paid *pro rata* on all UCI Ireland Subordinated Notes of such Series.

(d) Each holder of a UCI Ireland Subordinated Note unconditionally and irrevocably waives any right of set-off, counterclaim, abatement or other similar remedy that it might otherwise have, under the laws of any jurisdiction, in respect of such UCI Ireland Subordinated Note.

(e) The repayment of principal and the payment of interest in respect of UCI Ireland Subordinated Notes are obligations of UCI Ireland.

5.6 Special Provisions relating to Lower Tier II Subordinated Notes

In the event of a bankruptcy, examinership or liquidation of UCI Ireland, claims against UCI Ireland in respect of Lower Tier II Subordinated Notes (**Lower Tier II Claims**) will rank:

(a) after claims of all unsubordinated creditors and claims of all subordinated creditors whose claims are less subordinated than the Lower Tier II Claims;

(b) *pari passu* with all claims of subordinated creditors that have the same degree of subordination as the Lower Tier II Claims;

(c) ahead of all claims of subordinated creditors that are more subordinated than the Lower Tier II Claims (which will include Upper Tier II Claims (as defined below)) and all claims in respect of the share capital of UCI Ireland.

All claims of subordinated creditors that have the same degree of subordination as the Lower Tier II Claims will be satisfied together and *pro rata* with the holders of the Lower Tier II Subordinated Notes, without any preference or priority.

5.7 Special Provisions relating to Upper Tier II Subordinated Notes

(a) Subordination

In the event of a bankruptcy, examinership or liquidation of UCI Ireland, claims against UCI Ireland in respect of Upper Tier II Subordinated Notes (**Upper Tier II Claims**) will rank:

(i) after claims of all unsubordinated creditors and claims of all subordinated creditors whose claims are less subordinated than the Upper Tier II Claims (which will include Lower Tier II Claims);

(ii) *pari passu* with all claims of subordinated creditors that have the same degree of subordination as the Upper Tier II Claims; and

(iii) ahead of all claims in respect of the share capital of UCI Ireland.

All claims of subordinated creditors that have the same degree of subordination as the Upper Tier II Claims will be satisfied together and *pro rata* with the holders of the Upper Tier II Subordinated Notes, without any preference or priority.

(b) Deferral of interest

Notwithstanding the terms of any other Condition or provisions of, or relating to, the Upper Tier II Subordinated Notes, UCI Ireland shall not have any obligation to pay interest accrued in respect of such Notes and any failure to pay such interest shall not constitute a default of UCI Ireland for any purpose.

(c) Loss absorption

To the extent that UCI Ireland at any time suffers losses that would, in accordance with the provisions of any applicable law, prevent UCI Ireland from continuing to trade (as determined by UCI Ireland, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed), the obligations of UCI Ireland in respect of interest and principal under the Upper Tier II Subordinated Notes, whether or not matured, will be reduced to the extent necessary to enable UCI Ireland to continue to trade in accordance with the requirements of law (as determined by the directors of UCI Ireland, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed). Such obligations shall be reinstated if UCI Ireland would, after such reinstatement and by reason of the occurrence of any event, be entitled to continue to trade (as determined by UCI Ireland, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed). Such reduction shall, subject to the below, be deemed to cease should UCI Ireland become, and for so long as it remains, subject to any bankruptcy or liquidation proceedings or process, and the obligations of UCI Ireland under the Upper Tier II Subordinated Notes shall, in such event, be treated as if they were not reduced in accordance with this Condition. If, at any time during such bankruptcy or liquidation proceedings or process, reduction of the obligations would enable such proceedings or process to be dismissed, discharged, stayed, restrained or vacated and UCI Ireland to continue to trade (as determined by UCI Ireland, acting reasonably and

having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed), the obligations of UCI Ireland under the Upper Tier II Subordinated Notes shall be deemed to be reduced.

The Trustee shall be entitled to rely on certificates of UCI Ireland in this regard without further investigation.

6. REDENOMINATION

6.1 Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Noteholders, the Receiptholders and the Couponholders, on giving prior notice to the Principal Paying Agent, the Trustee, DTC, Euroclear and Clearstream, Luxembourg (as applicable) and at least 30 days' prior notice to the Noteholders in accordance with Condition 18 and having notified the Trustee prior to the provision of such notice, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

(a) the Notes and the Receipts shall be deemed to be redenominated in euro in the denomination of €0.01 with a nominal amount for each Note and Receipt equal to the principal amount of that Note or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the prior written agreement of the Principal Paying Agent and the Trustee, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange (if any) on which the Notes may be listed and the Agents of such deemed amendments;

(b) the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest €0.01;

(c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer in the denominations of €1,000, €10,000, €100,000 and (but only to the extent of any remaining amounts less than €1,000 or such smaller denominations as the Agent and the Trustee may approve) €0.01 and such other denominations as the Agent shall determine and notify to the Noteholders;

(d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes and Receipts so issued will also become void on that date although those Notes and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Specified Currency in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

(e) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;

(f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:

(i) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note; and

(ii) in the case of definitive Notes, by applying the Rate of Interest to the Calculation Amount,

and in each case multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding; and

(g) if the Notes are Floating Rate Notes, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and

(h) such other changes shall be made to this Condition as the Issuer may decide, after consultation with the Principal Paying Agent, and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in euro.

6.2 Definitions

In the Conditions, the following expressions have the following meanings:

Established Rate means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

euro means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

IFSRA means the Irish Financial Services Regulatory Authority, as a constituent part of the Central Bank and Financial Services Authority of Ireland, and shall be deemed to include references to any predecessor or successor regulator;

Redenomination Date means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the Issuer in the notice given to the Noteholders pursuant to Condition 6.1 above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union; and

Treaty means the Treaty establishing the European Community, as amended.

7. INTEREST

7.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (but excluding) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date

Except in the cases of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to the Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-

unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form comprises of more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest, in accordance with this Condition 7.1:

(a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates that would normally occur in one calendar year; and

(b) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In the Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

7.2 Interest on Floating Rate Notes and Index Linked Interest Notes

(a) **Interest Payment Dates**

Each Floating Rate Note and Index Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls in the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each **Interest Period** (which expression shall, in the Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 7.2(a)(ii), the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (II.) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, **Business Day** means a day which is both:

(I.) 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 London and any Additional Business Centre specified in the applicable Final Terms; and

(II.) either (a) in relation to any sum payable in a Specified Currency other than euro, 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 the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (b) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System (the **TARGET System**) is open.

(b) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

(A) the Floating Rate Option is as specified in the applicable Final Terms;

(B) the Designated Maturity is a period specified in the applicable Final Terms; and

(C) the relevant Reset Date is either (I) if the applicable Floating Rate Option is based on the London interbank offered rate (**LIBOR**) or on the Euro-zone interbank offered rate (**EURIBOR**), the first day of that Interest Period or (II) in any other case, as specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A), no such offered quotation appears or, in the case of (B), fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(c) **Minimum Rate of Interest and/or Maximum Rate of Interest**
If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) **Determination of Rate of Interest and calculation of Interest Amounts**
The Principal Paying Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Principal Paying Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to the Calculation Amount, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form comprises of more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

Calculation Agent means the entity designated for such purpose as is specified in the applicable Final Terms.

Day Count Fraction means, in respect of the calculation of an amount of interest for any Interest Period:

(i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Function} = \frac{[360 \times (Y_2 - Y_1] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

'M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Function} = \frac{[360 \times (Y_2 - Y_1] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30;

(vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Function} = \frac{[360 \times (Y_2 - Y_1]+[30 \times (M_2 - M_1)]+(D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and in which case D_2 will be 30.

(e) **Notification of Rate of Interest and Interest Amounts**

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Luxembourg Stock Exchange at the latest on the first London Business Day of each Interest Period, the Issuer and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 18 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 18. For the purposes of this paragraph (e), the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(f) **Determination or Calculation by Trustee**
If for any reason at any relevant time the Principal Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or calculate any Interest Amount in accordance with paragraph (b) or (d) above or as otherwise specified in the applicable Final Terms, as the case may be, and in each case in accordance with paragraph (c) above, the Trustee may (without any liability for loss, damage, cost, expense or any other claim whatsoever) determine the Rate of Interest at such rate plus or minus (as appropriate) the relevant margin (if any) as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 7.2, but subject always to paragraph (b) above), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee may (without any liability for loss, damage, cost, expense or any other claim whatsoever) calculate the Interest Amount(s) in the manner referred to in paragraph (d) above, and such determination or calculation shall be deemed to have been made by the Agent or the Calculation Agent, as applicable.

(g) **Certificates to be final**
All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7.2, whether by the Principal Paying Agent or, if applicable, the Calculation Agent, or, if applicable, the Trustee, shall (in the absence of wilful default, bad faith or manifest error or proven error) be binding on the Issuer, the Guarantor (in the case of the Guaranteed Notes), the Trustee, the Principal Paying Agent, the Calculation Agent (if applicable), the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantor (in the case of Guaranteed Notes), the Trustee, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or, if applicable, the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

7.3 Interest on Dual Currency Notes

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Final Terms.

7.4 Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

7.5 Interest on Credit Linked Notes

In the case of Credit Linked Notes which are interest bearing Notes, the rate and/or amount of interest payable shall be determined in the manner specified in the applicable Final Terms.

7.6 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date of its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

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

(b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent, the Trustee or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 18.

8. PAYMENTS

8.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such

Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

(b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 11.

8.2 Presentation of definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 8.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 8.1 above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 8.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 11) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 12) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may

be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

8.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of the Principal Paying Agent. A record of each payment made against presentation or surrender of any Global Note in bearer form, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Principal Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made.

8.4 Payments in respect of Registered Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the **Register**) at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (a) a holder does not have a Designated Account or (b) the principal amount of the Notes held by a holder is less than U.S.$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the **Record Date**) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Agency Agreement.

None of the Issuer, the Guarantor (in the case of Guaranteed Notes), the Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

8.5 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor (in the case of Guaranteed Notes) will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear, Clearstream, Luxembourg or DTC, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor (in the case of Guaranteed Notes) to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer or the Guarantor (in the case of Guaranteed Notes).

8.6 Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 12) is:

(a) 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:

  (i) the relevant place of presentation;

  (ii) London; and

  (iii) any Additional Financial Centre specified in the applicable Final Terms; and

(b) either (i) in relation to any sum payable in a Specified Currency other than euro, 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 the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the TARGET System is open.

8.7 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 11;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Notes redeemable in instalments, the Instalment Amounts;

(f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 9.5); and

(g) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 11.

Any reference in these Conditions to payment of any sums in respect of the Notes (including, in respect of Index Linked Notes, Physically-Settled Notes (as defined in Condition 9.11) and other structured Notes) shall be deemed to include, as applicable, delivery of any relevant Reference Asset (as defined in Condition 9.11) if so provided in the applicable Final Terms and references to paid and payable shall be construed accordingly.

9. REDEMPTION AND PURCHASE

9.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will (subject, with respect to Upper Tier II Subordinated Notes issued by UniCredito, to the following paragraph; with respect to UCI Ireland Subordinated Notes, to the subsequent paragraph; and, with respect to Tier III Subordinated Notes, to the provisions of Condition 5.3) be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

The redemption of Upper Tier II Subordinated Notes issued by UniCredito shall always be subject to the prior approval of the Bank of Italy, such approval being dependent on UniCredito maintaining its minimum capital requirements (*patrimonio di vigilanza*) as prescribed in the Bank of Italy Regulations immediately following redemption of the Upper Tier II Subordinated Notes. If such approval is not given on or prior to the Maturity Date, UniCredito will re-apply to the Bank of Italy for its consent to such redemption forthwith upon its having again, by whatever means, such required minimum capital. UniCredito will use its best endeavours to maintain such required minimum capital and to obtain such approval. Amounts that would otherwise be payable on the Maturity Date will continue to bear interest as provided in Condition 7.6.

Notwithstanding the terms of any other Condition or provisions of, or relating to, the UCI Ireland Subordinated Notes, the redemption of:

(a) Upper Tier II Subordinated Notes issued by UCI Ireland at any time; and

(b) Lower Tier II Subordinated Notes issued by UCI Ireland having:

  (i) an original maturity of at least five years before the Maturity Date; or

  (ii) no fixed maturity in circumstances where five years' notice of redemption has not been given,

shall always be subject to the prior consent of IFSRA and any failure by UCI Ireland to redeem any such Notes where such consent has not been granted shall not constitute a default of UCI Ireland for any purpose. Consent to redemption is at the discretion of IFSRA but will not be granted on the initiative of the Noteholder or where the solvency of UCI Ireland would be affected.

9.2 Redemption for tax reasons

The Notes may be redeemed at the option of the Issuer (but subject to the prior approval of the Bank of Italy in the case of Subordinated Notes issued by UniCredito and of IFSRA in the case of Subordinated Notes issued by UCI Ireland) in whole, but not in part, at any time (if this Note is neither a Floating Rate Note, an Index Linked Interest Note nor a Dual Currency Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note, an Index Linked Interest Note or a Dual Currency Interest Note), on

giving not less than 30 nor more than 60 days' notice to the Principal Paying Agent and the Trustee and, in accordance with Condition 18, the Noteholders (which notice shall be irrevocable), if:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 or the Guarantor (in the case of Guaranteed Notes) would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 11) or any political subdivision of, or any authority in, or of, a Tax Jurisdiction having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

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

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor (in the case of Guaranteed Notes) would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver or procure that there is delivered to the Trustee a certificate signed by two authorised signatories of the Issuer or, as the case may be, two authorised signatories of the Guarantor stating that the said circumstances prevail and describe the facts leading thereto and the Trustee shall be entitled to accept such certificate 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, the Receiptholders and the Couponholders.

Upon the expiry of any such notice as is referred to in this Condition 9.2, the Issuer shall be bound to redeem the Notes in accordance with this Condition 9.2. Notes redeemed pursuant to this Condition 9.2 will be redeemed at their Early Redemption Amount referred to in Condition 9.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

9.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Final Terms, the Issuer may (subject, in the case of Subordinated Notes, to the prior approval of the Bank of Italy or IFSRA, as applicable), having given:

(a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 18; and

(b) not less than 15 days before the giving of the notice referred to in (a), notice to the Trustee, the Principal Paying Agent and, in the case of a redemption of Registered Notes, the Registrar,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and/or DTC, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 18 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 9.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 18 at least five days prior to the Selection Date.

9.4 Redemption at the option of the Noteholders (Investor Put)

This Condition 9.4 applies only to Notes specified in the applicable Final Terms as being Senior Notes.

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 18 not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not, in the case of a Bearer Note in definitive form, in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms. Registered Notes may be redeemed under this Condition 9.4 in any multiple of their lowest Specified Denomination.

If this Note is represented by a Global Note and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to any Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or, as the case may be, the common safekeeper for them to any Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to any Paying Agent for notation accordingly.

If this Note is in definitive form, to exercise the right to require redemption of this Note the holder of this Note must deliver such Note at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where, prior to the due date of redemption, 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 notice given pursuant to this paragraph.

9.5 Early Redemption Amounts

For the purpose of Condition 9.2 above and Condition 13, each Note will be redeemed at its Early Redemption Amount calculated as follows:

(a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

(b) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or

(c) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

Early Redemption Amount = $RP \times (1+AY)^{y}$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

^{y} is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

9.6 Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 9.5 above.

9.7 Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

9.8 Purchases

Subject as provided in the following paragraph, the Parent, the Issuer or any subsidiary of the Parent may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the purchaser, surrendered to any Paying Agent for cancellation.

Subordinated Notes may only be purchased by the Parent, the Issuer or any of the Parent's subsidiaries subject to the prior approval of the Bank of Italy or IFSRA, as appropriate, unless the Notes to be purchased (a) do not exceed 10 per cent. of the aggregate nominal amount of the Series and (b) are not purchased in order to be surrendered to any Paying Agent for cancellation.

9.9 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased by the Parent, the Issuer or any Subsidiary of the Issuer and surrendered to any Paying Agent for cancellation pursuant to Condition 9.8 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

9.10 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 9.1, 9.2, 9.3 or 9.4 above or upon its becoming due and repayable as provided in Condition 13 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 9.5(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

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

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent, the Trustee or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 18.

9.11 Index Linked Notes and other Structured Notes

The Issuer may, as indicated in the applicable Final Terms, be entitled to redeem Index Linked Notes or other structured Notes, including where the amount of principal and/or interest in respect of such Notes is based on the price, value, performance or some other factor relating to an asset or other property (**Reference Asset**), by physical delivery of all or part of the Reference Asset or of some other asset or property (**Physically-Settled Notes**).

9.12 Italian Civil Code

The Notes are not subject to Article 1186 of the Italian Civil Code nor, to the extent applicable, to Article 1819 of the Italian Civil Code.

10. PROVISIONS APPLICABLE TO CREDIT LINKED NOTES

The following provisions apply to Credit Linked Notes including First-to-Default Credit Linked Notes (subject as provided in the applicable Final Terms).

10.1 Redemption of Credit Linked Notes upon occurrence of Credit Event

(a) **Credit Event Notice**

If at any time the Calculation Agent determines that a Credit Event has occurred during the Reference Period, whether or not such event is continuing, the Issuer may give a notice (the **Credit Event Notice**) during the Notice Delivery Period to the Noteholders in accordance with Condition 18 of its intention to redeem the Credit Linked Notes (other than principal protected Credit Linked Notes or as otherwise stated in the applicable Final Terms), and if such notice is so given and the other Conditions to Settlement (as specified in the applicable Final Terms) are satisfied, the Issuer shall redeem all but not some only of the Credit Linked Notes then outstanding on the Credit Event Redemption Date, subject to the provisions of Condition 10.11, as determined by the Calculation Agent in its sole discretion. Such redemption shall occur by Physical Settlement and/or, if so specified in the applicable Final Terms, Cash Settlement.

The Credit Event Redemption Date may be a date falling after the originally scheduled Redemption Date in which case the originally scheduled Redemption Date shall be deemed to be replaced by the relevant date specified in the Credit Event Notice or otherwise notified to the Noteholders.

For the avoidance of doubt and notwithstanding any other provision of these Terms and Conditions, no amount of interest shall be payable on the Notes as from (and including) the Interest Payment Date (or, if none, the Interest Commencement Date) immediately preceding the date on which the Credit Event occurred, unless otherwise specified in the applicable Final Terms.

The Credit Event Notice shall (if appropriate) be published in the relevant newspaper(s) referred to in Condition 18 and shall:

(i) describe the grounds on which the Calculation Agent has determined that there has been a Credit Event (but need not assert that a Credit Event is continuing);

(ii) specify the Event Determination Date; and

(iii) confirm that either (A) the Notes will be redeemed by delivery of the Deliverable Obligations as specified in the Notice of Physical Settlement (in the case of Physical Settlement and subject to the provisions of Condition 10.10) or (B) the Notes will be redeemed at their Cash Settlement Amount, in each case on the Credit Event Redemption Date.

Unless otherwise stated in the applicable Final Terms in respect of principal protected Credit Linked Notes or otherwise, once a Credit Event has occurred during the Reference Period and a Credit Event Notice has been issued, the Issuer's only obligation, other than to deliver a Notice of Publicly Available Information (if specified in the applicable Final Terms) and in the case of Cash Settlement, a Reference Obligation Notice and, in the case of Physical Settlement, a Notice of Physical Settlement, shall be to deliver (subject to the provisions of Conditions 10.4, 10.5, 10.6 and 10.7 below) the Deliverable Obligations (in the case of Physical Settlement) and/or, as the case may be, pay the Cash Settlement Amount (in the case of Cash Settlement), on the Credit Event Redemption Date. Upon delivery of the Deliverable Obligations and/or, as the case may be, payment of the Cash Settlement Amount in respect of each Note, the Issuer shall have discharged all of its obligations in respect of such Note and shall have no other liability or obligation whatsoever in respect thereof.

Where Restructuring is specified in the applicable Final Terms as being an applicable Credit Event, there may be more than one Credit Event Notice delivered in respect of the same Reference Entity, as further described in Condition 10.11 below.

If "First to Default Credit Linked Note" is specified as "Applicable" in the Final Terms, then this paragraph (a) shall apply only to the Reference Entity in respect of which a Credit Event has occurred first in time with respect to the other Reference Entities specified in the Final Terms.

(b) **Determination of the occurrence of a Credit Event**
The Calculation Agent shall determine whether or not a Credit Event has occurred during the Reference Period. The Calculation Agent shall, however, have no duty or responsibility to investigate or check whether such Credit Event has or may have occurred or is continuing on any date and shall be entitled to assume, in the absence of actual knowledge to the contrary of the employees or officers of the Calculation Agent directly responsible for the time being for making determinations hereunder, that no Credit Event has occurred or is continuing.

When determining the existence or occurrence of any Credit Event, the determination shall be made without regard to:

(i) any lack or alleged lack of authority or capacity of a Reference Entity to enter into any Obligation or, as applicable, an Underlying Obligor to enter into any Underlying Obligation;

(ii) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation or, as applicable, any Underlying Obligation, however described;

(iii) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or

(iv) the imposition of or any change in any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, however described.

If the Calculation Agent determines in its sole and absolute discretion that a Credit Event has occurred during the Reference Period it shall promptly notify the Issuer and the Principal Paying Agent. The determination by the Calculation Agent of the occurrence of a Credit Event shall (in the absence of wilful default, bad faith or manifest error) be conclusive and binding on all persons (including, without limitation, the Noteholders).

(c) **Calculation Agent and notices**
The determination by the Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Calculation Agent under or pursuant to this Condition shall (in the absence of manifest error) be final and binding on the Issuer and the Noteholders. In performing its duties pursuant to the Notes, the Calculation Agent shall act in its sole and absolute discretion. Any delay, deferral or forbearance by the Calculation Agent in the performance or exercise of any of its obligations or discretions under or pursuant to the Notes including, without limitation, the giving of any notice to any party, shall not affect the validity or binding nature of any later performance or exercise of such obligation or discretion, and neither the Calculation Agent nor the Issuer shall bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

A notice delivered by the Calculation Agent on or prior to 5.00 p.m., London time, on a London Business Day will be effective on such London Business Day. A notice delivered after 5.00 p.m., London time, will be deemed effective on the next following London Business Day regardless of the form in which it is delivered. For the purposes of the two preceding sentences, a notice given by telephone will be deemed to have been delivered at the time the telephone conversation takes place. If the notice is delivered by telephone, a written confirmation will be executed and delivered confirming the substance of that notice within one London Business Day of that notice. Failure to provide that written confirmation will not affect the effectiveness of that telephonic notice. If that written confirmation is not received within such time, the party obligated to deliver that confirmation will be deemed to have satisfied its obligation to deliver such written confirmation at the time that a written confirmation of the oral notice is received.

10.2 Physical Settlement
Where the Issuer is to redeem the Notes by means of Physical Settlement, the redemption of the Notes shall, subject as provided in Condition 19, be effected by the delivery by the Delivery Agent on behalf of the Issuer to the Noteholders of the Deliverable Obligations on the Credit Event Redemption Date.

If Hedge Amount is specified as "Applicable" in the Final Terms, then the Delivery Agent on behalf of the Issuer shall deliver the Deliverable Obligations subject to adjustment after taking into consideration the Hedge Amount pursuant to the following:

(a) if the Hedge Amount results in a net loss to the Issuer, then an amount of the Deliverable Obligations selected by the Delivery Agent in its sole discretion equivalent in value in aggregate to such net loss shall be deducted from the Deliverable Obligations, and the remaining portion of the Deliverable Obligations, if any, shall be delivered; or

(b) if the Hedge Amount results in a net gain to the Issuer, such net gain shall be paid in cash to the Noteholders on or before the Physical Settlement Date in addition to the delivery of the Deliverable Obligations.

In the case of Deliverable Obligations that are Borrowed Money obligations, (i) the Issuer will deliver Deliverable Obligations with an outstanding principal balance (including accrued but unpaid interest (as determined by the Calculation Agent) if "Include Accrued Interest" is specified in the Final Terms, but excluding accrued but unpaid interest if "Exclude Accrued Interest" is specified in the Final Terms, and if neither "Include Accrued Interest" nor "Exclude Accrued Interest" is specified in the Final Terms, excluding accrued but unpaid interest) and (ii) in the case of Deliverable Obligations that are not Borrowed Money obligations, the Issuer will deliver Deliverable Obligations with a Due and Payable Amount (or, in the case of either (i) or (ii), the equivalent amount in the applicable currency of any such amount), in an aggregate amount as close as possible to the outstanding Aggregate Nominal Amount of the Notes.

The portion of Deliverable Obligations deliverable in respect of each Note shall be determined by reference to the proportion that the Specified Denomination of such Note bears to the outstanding Aggregate Nominal Amount of the Notes.

Unless otherwise specified in the applicable Final Terms, a Notice of Physical Settlement must be delivered by the Issuer to the Noteholders in accordance with Condition 18 on or before the thirtieth calendar day after the relevant Event Determination Date (such thirtieth calendar day being the **Physical Determination Date**). For purposes of determining whether such Notice of Physical Settlement has been so delivered by the Physical Determination Date, the date of the Notice of Physical Settlement (whether or not subsequently changed) shall be used.

For the avoidance of doubt, failure to deliver a Notice of Physical Settlement to the Noteholders shall not relieve the Issuer from its obligation to redeem the Notes. If on the Physical Determination Date no Notice of Physical Settlement has been delivered to the Noteholders in accordance with Condition 18, the Issuer shall be obliged to redeem the Notes in cash at their outstanding Aggregate Nominal Amount as soon as reasonably practicable and the date on which the Notes are redeemed shall be deemed to be the Credit Event Redemption Date.

10.3 Cash Settlement

Where the Issuer is to redeem the Notes by means of Cash Settlement, the redemption of each Note shall be effected by the payment by the Issuer to the Noteholder of the Cash Settlement Amount on the Cash Settlement Date, such amount to be apportioned *pro rata* among the Noteholders, rounding the resulting figure downwards to the nearest sub-unit of the relevant currency.

If Hedge Amount is specified as "Applicable" in the Final Terms, then the Issuer shall pay the Cash Settlement Amount, subject to adjustment after taking into consideration the Hedge Amount pursuant to the following:

(a) if the Hedge Amount results in a net loss to the Issuer, then the net loss shall be deducted from the Cash Settlement Amount otherwise payable to Noteholders; or

(b) if the Hedge Amount results in a net gain to the Issuer, such net gain shall be paid to add to the Cash Settlement Amount otherwise payable to Noteholders.

10.4 Partial Cash Settlement due to illegality or impossibility

If, due to an event beyond the control of the Issuer or a Noteholder (including, without limitation, failure of the relevant clearing system or due to any law, regulation or court order but excluding market conditions, the

inability to *pro rata* divide any Deliverable Obligation or the failure to obtain any requisite consent with respect to the Delivery of Loans), the Calculation Agent determines in its sole discretion that it is impossible or illegal for the Delivery Agent or the Issuer to deliver, or (as the case may be) for such Noteholder to accept delivery of, any portion of the Deliverable Obligations on the Physical Settlement Date, then on such date:

(a) the Issuer shall, or cause the Delivery Agent to, deliver, and the Noteholder shall take delivery of, that portion of the Deliverable Obligations which it is possible and legal to deliver; and

(b) the Calculation Agent shall provide a description to the Issuer and the relevant Noteholder(s) in reasonable detail of the facts giving rise to such impossibility or illegality and as soon as practicable thereafter the Delivery Agent or, as the case may be, the Issuer shall deliver and the Noteholder shall take delivery of the portion of the Deliverable Obligations which has not been delivered and such date will be deemed to be the Credit Event Redemption Date.

If, upon the determination by the Calculation Agent as aforesaid of the occurrence of any such impossibility or illegality, the Deliverable Obligations are not delivered to the Noteholder(s) (or any of their designees) on or before the Latest Permissible Physical Settlement Date, Cash Settlement pursuant to the Partial Cash Settlement Terms shall be deemed to apply to such portion of the Deliverable Obligations that cannot be delivered (the **Undeliverable Obligations**).

10.5 Partial Cash Settlement of Loans

Where the applicable Final Terms provides that "Assignable Loan" and/or "Consent Required Loan" is/are included in the "Deliverable Obligation Characteristics", if any Assignable Loans or Consent Required Loans are not on the Physical Settlement Date capable of being assigned or novated to any particular Noteholder or the Noteholder's designee due to non-receipt of any requisite consents and such consents are not obtained or deemed given by the Latest Permissible Physical Settlement Date (together the **Undeliverable Loan Obligations**), Cash Settlement pursuant to the Partial Cash Settlement Terms shall be deemed to apply to that portion of the Deliverable Obligations that consists of Undeliverable Loan Obligations. In such circumstances the Issuer may satisfy its obligations in respect of such portion of the Deliverable Obligations by payment of the Cash Settlement Amount on the Cash Settlement Date.

10.6 Alternative Cash Settlement

If with respect to Physically-Settled Notes, (i) the Deliverable Obligations comprise Bonds, Assignable Loans or Consent Required Loans (the **Deliverable Assets**) and if (ii), in the opinion of the Calculation Agent, any particular Noteholder is not eligible for any reason for Physical Settlement for any part of such Deliverable Assets (the **Non-Eligible Deliverable Assets**), then such Non-Eligible Deliverable Assets will be subject to Cash Settlement pursuant to the Partial Cash Settlement Terms. In such circumstances the Issuer may satisfy its obligations in respect of such Non-Eligible Deliverable Assets by payment to such Noteholder of the Cash Settlement Amount on the Cash Settlement Date.

10.7 No Deliverable Obligations

Where the Issuer is to redeem the Notes by means of Physical Settlement (or by Cash Settlement or in connection with principal protected Credit Linked Notes, in either case when necessary calculations relate to Deliverable Obligations or Deliverable Obligation Characteristics), if a Credit Event occurs with respect to any particular Reference Entity and the Calculation Agent determines in its sole discretion that (a) no Deliverable Obligation exists on the Physical Settlement Date (or the Valuation Date, as the case may be), or (b) the Issuer, or the Delivery Agent on the Issuer's behalf, is for any reason (other than (a) immediately above or as set out in Condition 10.4 or 10.5 above or in the applicable Final Terms), unable to procure any Deliverable Obligations, or a sufficient amount of Deliverable Obligations, by the thirtieth day following the Physical Settlement Date, then the Calculation Agent shall have the right in its sole discretion to either (i) in the case of (a) above, cause all of the Notes to become due and repayable as soon as reasonably practicable at their outstanding Aggregate Nominal Amount (excluding accrued interest) or (ii) in the case of (b) above, either (A) elect Physical Settlement in a *pro rata* fashion for that portion of each Note to the extent that the aggregate amount of Deliverable Obligations due exceeds the aggregate amount of Deliverable Obligations available and elect Cash Settlement for the remaining portion of each Note in accordance with (B) below, or (B) elect that Cash Settlement pursuant to the Partial Cash Settlement Terms shall apply to such Deliverable Obligation (such Deliverable Obligation being deemed an Undeliverable Obligation for these purposes) and the Issuer may satisfy its obligations in respect of such Deliverable Obligation by payment to the Noteholder(s) of the Cash Settlement Amount on the Cash Settlement Date, such amount to be apportioned *pro rata* among the Noteholders.

10.8 Partial Cash Settlement Terms

The following terms are deemed to be defined as follows for the purposes of the Partial Cash Settlement Terms referred to in Conditions 10.4, 10.5, 10.6 and 10.7 above:

(a) **Cash Settlement** is deemed to be the payment by the Issuer of the Cash Settlement Amount to the Noteholders on the Cash Settlement Date;

(b) **Cash Settlement Amount** is deemed to be, for each Undeliverable Obligation or Undeliverable Loan Obligation, the aggregate of the greater of (i) the aggregate of (A) outstanding principal balance, Due and Payable Amount or the amount in the applicable currency, as applicable, of each Undeliverable Obligation or Undeliverable Loan Obligation, multiplied by (B) the Final Price with respect to such Undeliverable Obligation or Undeliverable Loan Obligation and (ii) zero;

(c) **Cash Settlement Date** is deemed to be the date that is three Business Days after the calculation of the Final Price or such other date specified in the relevant Final Terms;

(d) **Latest Permissible Physical Settlement Date** means, in respect of Condition 10.4, the date that is 30 calendar days after the Physical Settlement Date and, in respect of Condition 10.5, the date that is 15 Business Days after the Physical Settlement Date;

(e) **Valuation Date** is deemed to be the date that is two Business Days after the Latest Permissible Physical Settlement Date;

(f) **Valuation Method** shall be as specified in the applicable Final Terms or otherwise shall be deemed to be (i) if only one Valuation Date, Highest, or (ii) if more than one Valuation Date, the average Highest, or if "Market" has been designated in the relevant Final Terms, "Market Value" shall apply;

(g) **Quotation Method** shall be as specified in the applicable Final Terms or otherwise shall be deemed to be bid;

(h) **Quotation Amount** shall be as specified in the applicable Final Terms or otherwise shall be deemed to be, with respect to each type of Undeliverable Obligation, Undeliverable Loan Obligation or Non-Eligible Deliverable Asset, an amount equal to the outstanding principal balance or Due and Payable Amount (or, in either case, its equivalent in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained), as applicable, of such Undeliverable Obligation or Undeliverable Loan Obligation;

(i) **Minimum Quotation Amount** shall be as specified in the applicable Final Terms or shall be deemed to be equal to the applicable Specified Denomination of the Notes;

(j) **Valuation Time** is deemed to be 11.00 a.m. London time, or 11.00 a.m. in the principal trading market of the relevant obligation as determined by the Calculation Agent, unless stated otherwise in the applicable Final Terms;

(k) **Market Value** means, with respect to obligations being valued on a Valuation Date: (i) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (ii) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest and lowest values, then one of such highest or lowest Full Quotations shall be disregarded); (iii) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (iv) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; and (v) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained on any of the next ten Business Days thereafter, any one Full Quotation on such tenth Business Day, or if no Full Quotation is obtained, the Market Value shall be the weighted average of any firm quotations obtained from Dealers on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to

be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day;

(l) **Quotation** means each Full Quotation, the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date in the manner that follows:

The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Dealers, and, if two or more Full Quotations are not available, a Weighted Average Quotation. If two or more such Full Quotations or a Weighted Average Quotation are not available on any such Business Day, the Quotations shall be deemed to be any Full Quotation obtained from a Dealer on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations obtained from Dealers on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which firm quotations were not obtained on such day;

(m) **Dealer** means a dealer, financial institution or fund (which, for the avoidance of doubt, shall include the Issuer (in the case of UCI as Issuer) or any Affiliate of the Issuer) that deals or invests in obligations of the type of Obligation(s) for which Quotations are to be obtained. The Calculation Agent shall select the Dealers in good faith and in a commercially reasonable manner. Upon a selected Dealer no longer being in existence (with no successors), or not being an active dealer in the obligations of the type for which Quotations are to be obtained, the Calculation Agent may substitute any other Dealer(s) for one or more of the foregoing. Any bid quotation provided by the Issuer shall be deemed to be a firm quotation that it would provide to a counterparty in the market;

(n) **Highest** means the highest Quotation obtained by the Calculation Agent (or in accordance with the definition of "Quotation") with respect to any Valuation Date; and

(o) **Final Price** means the price of the obligation being valued, expressed as a percentage, determined in accordance with the specified Valuation Method. The Calculation Agent shall, as soon as practicable after obtaining all Quotations for a Valuation Date, notify the Issuer of each such Quotation that it receives in connection with the calculation of the Final Price and shall provide the Issuer with a written computation showing its calculation of the Final Price.

10.9 Maturity Date extension

Unless otherwise stated in the applicable Final Terms if, prior to any payment date under the Notes: (a) a Potential Failure to Pay has occurred with respect to one or more of the Obligations; (b) under the terms of such Obligation(s), a grace period is applicable to payments under the Obligation(s); and (c) such grace period does not expire on or prior to such payment date under the Notes, then such Interest Payment Date or, as the case may be, the Maturity Date, shall be postponed until the fifth Business Day after such Potential Failure to Pay has been remedied, provided that a Credit Event shall be deemed to have occurred, and no payment shall be made, if the Potential Failure to Pay has not been remedied during the applicable grace period.

No adjustment shall be made to the amount of any interest as a result of such delay. The Issuer shall endeavour to give notice to the Noteholders in accordance with Condition 18 as soon as reasonably practicable should the Maturity Date or any payment date be postponed pursuant to the foregoing.

10.10 Repudiation/Moratorium Maturity Date extension

Unless stated otherwise in the applicable Final Terms if, prior to the Maturity Date under the Notes: (a) "Repudiation/Moratorium" is listed as an applicable Credit Event in the applicable Final Terms; (b) a Potential Repudiation/Moratorium has occurred with respect to one or more of the Obligations; and (c) such Potential Repudiation/Moratorium has not been remedied or rescinded prior to the Maturity Date, then the Maturity Date shall be postponed until the fifth Business Day after such Potential Repudiation/Moratorium has been remedied or rescinded, provided that a Credit Event shall be deemed to have occurred, and no payment shall be made, if (i) such Potential Repudiation/Moratorium has not been remedied or rescinded by the sixtieth day after the original Maturity Date (or if the Obligation which is the

subject of the Potential Repudiation/Moratorium is a Bond, the later of the sixtieth day or the first payment date under such Bond after the Maturity Date), or (ii) a Restructuring (without regard to the Default Requirement) or a Failure to Pay (determined without regard to the Payment Requirement or any change or amendment to such Obligation as a result of such Restructuring), has occurred with respect to any such Obligation.

No adjustment shall be made to the amount of any interest as a result of such delay. The Issuer shall endeavour to give notice to the Noteholders in accordance with Condition 18 as soon as reasonably practicable should the Maturity Date be postponed pursuant to the foregoing.

10.11 Restructuring Credit Event applicable

Where Restructuring is specified in the applicable Final Terms as being an applicable Credit Event, unless otherwise specified in the applicable Final Terms with respect to a specific Reference Entity, the Issuer may deliver multiple Credit Event Notices with respect to such Restructuring Credit Event. Accordingly, notwithstanding Conditions 10.1 to 10.10 above, where a Restructuring Credit Event has occurred and the Issuer has delivered a Credit Event Notice for an amount that is less than the outstanding Aggregate Nominal Amount of the Notes outstanding immediately prior to the delivery of such Credit Event Notice (the **Exercise Amount**), the provisions of Conditions 10.1 to 10.10 above shall be deemed to apply to a nominal amount equal to the Exercise Amount only and all the provisions shall be construed accordingly. Each such Note shall be redeemed in part (such redeemed part being equal to the resultant figure of the Exercise Amount divided by the number of Notes outstanding).

The Notes shall be deemed to be redeemed *pro rata* in an amount in aggregate equal to the Exercise Amount only. The Notes in an amount equal to the Outstanding Amount shall remain outstanding and interest shall accrue on the Outstanding Amount as provided for in Condition 5 and all references thereafter to Aggregate Nominal Amount shall be construed accordingly (adjusted in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).

In respect of any subsequent Credit Event Notices delivered:

(a) the Exercise Amount in connection with a Credit Event Notice describing a Credit Event other than a Restructuring must be equal to the then outstanding Aggregate Nominal Amount of the Notes (and not a portion thereof); and

(b) the Exercise Amount in connection with a Credit Event Notice describing a Restructuring Credit Event must be an amount that is at least 1,000,000 units of the currency (or, if Japanese Yen, 100,000,000 units) in which the nominal amount is denominated or any integral multiple thereof or the entire then outstanding Aggregate Nominal Amount of the Notes.

If the provisions of this Condition 10.11 apply in respect of the Notes, on redemption of part of each such Note, the relevant Note or, if the Notes are represented by a Global Note, such Global Note shall be endorsed to reflect such partial redemption.

If "Restructuring Maturity Limitation and Fully Transferable (if not issued in NGN form) Obligation Applicable" is specified in the applicable Final Terms relating to any particular Reference Entity, and Restructuring is the only Credit Event specified in a Credit Event Notice relating to such Reference Entity, then an obligation can only be a Deliverable Obligation if it (a) is a Fully Transferable Obligation and (b) has a final maturity date not later than the Restructuring Maturity Limitation Date.

If "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" is specified in the applicable Final Terms relating to any particular Reference Entity, and Restructuring is the only Credit Event specified in a Credit Event Notice relating to such Reference Entity, then an obligation can only be a Deliverable Obligation if it (a) is a Conditionally Transferable Obligation and (b) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

10.12 General

For such period of time after the relevant Physical Settlement Date as the Issuer or any other person (other than a Noteholder) shall continue to be the legal owner of the securities, interests or other assets comprising the Deliverable Obligations (the **Intervening Period**), neither the Issuer nor any other such person shall:

(a) be under any obligation to deliver or procure delivery to such Noteholder(s) or any subsequent beneficial owner of such securities any letter, certificate, notice, circular or any other document or payment whatsoever received by that person in its capacity as the holder of such securities; or

(b) be under any obligation to exercise or procure exercise of any or all rights (including voting rights) attaching to such securities during the Intervening Period; or

(c) be under any liability to such Noteholder(s) or any subsequent beneficial owner of such securities in respect of any loss or damage which such Noteholder(s) or subsequent beneficial owner may sustain or suffer as a result, whether directly or indirectly, of that person being the legal owner of such securities during such Intervening Period (including, without limitation, any loss or damage resulting from the failure to exercise any or all rights (including voting rights) attaching to such securities during the Intervening Period).

10.13 Terms relating to Successor Events

(a) **Successor**

(i) Notwithstanding the Definitions, for the purposes of these Conditions, **Successor** means:

(A) in relation to a Reference Entity that is not a Sovereign, the entity or entities, if any, determined as set forth below:

(I) if an entity directly or indirectly succeeds to 75 per cent. or more of the Relevant Obligations of the Reference Entity by way of a Succession Event, that entity will be the sole Successor;

(II) if one entity directly or indirectly succeeds to more than 25 per cent. (but less than 75 per cent.) of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entity that succeeds to more than 25 per cent. of the Relevant Obligations will be the sole Successor;

(III) if more than one entity each directly or indirectly succeed to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and not more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, the entities that succeed to more than 25 per cent. of the Relevant Obligations will be Successors and the Conditions and the Final Terms will be adjusted as provided in paragraph (b) below;

(IV) if one or more entities each directly or indirectly succeed to more than 25 per cent. of the Relevant Obligations of the Reference Entity by way of a Succession Event, and more than 25 per cent. of the Relevant Obligations of the Reference Entity remain with the Reference Entity, each such entity and the Reference Entity will be a Successor and the Conditions and the Final Terms will be adjusted as provided in paragraph (b) below;

(V) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity continues to exist, there will be no Successor and the Reference Entity and the Conditions and the Final Terms will not be changed in any way as a result of the Succession Event; and

(VI) if one or more entities directly or indirectly succeed to a portion of the Relevant Obligations of the Reference Entity by way of a Succession Event, but no entity succeeds to more than 25 per cent. of the Relevant Obligations of the Reference Entity and the Reference Entity ceases to exist, the entity which succeeds to the greatest percentage of the Relevant Obligations (or, if two or more entities succeed to an equal percentage of the Relevant Obligations, the entity from among those entities which succeeds to the greatest percentage of Relevant Obligations) of the Reference Entity will be the sole Successor; and

(B) in relation to a Sovereign Reference Entity, "Successor" means any direct or indirect successor(s) to that Reference Entity irrespective of whether such successor(s) assumes any of the obligations of such Reference Entity.

(ii) In the case of paragraph (i)(A) above, the Calculation Agent will be responsible for determining, as soon as reasonably practicable after it becomes aware of the relevant Succession Event (but not earlier than 14 calendar days after the legally effective date of the Succession Event), and with effect from the legally effective date of the Succession Event, whether the relevant thresholds set forth above have been met, or which entity qualifies under paragraph (i)(A) (VI) above as applicable. In calculating whether the percentages used to determine whether the relevant thresholds set forth above have been met, or which entity qualifies under paragraph (i)(A) (VI) above, as applicable, the Calculation Agent shall use, in respect of each applicable Relevant Obligation included in such calculation, the amount of the liability in respect of such Relevant Obligation listed in the Best Available Information (as defined below). In the case of Notes listed on a stock exchange, the appropriate documentation will be filed with the relevant stock exchange.

(b) Adjustments following a Succession Event resulting in more than one Successor

(i) If, pursuant to paragraph (a)(i)(A) (III) or (IV) above, more than one Successor has been identified, then each Note shall be deemed, solely for purposes of the partial redemption provisions set out in this paragraph (b), to be divided into the same number of new Notes (each a **New Note**) as there are Successors, with the following terms:

(A) each Successor will be the Reference Entity for the purposes of one of the New Notes; and

(B) in respect of each New Note, the principal amount will be the principal amount of the Note divided by the number of Successors.

(ii) If an Event Determination Date occurs in respect of a Reference Entity in relation to a New Note, each Note will be partially redeemed in an amount equal to the principal amount of the relevant New Note (the aggregate of such principal amounts being the relevant **Partial Redemption Amount**). In such case, the provisions of this Condition 10 and the other provisions of the Final Terms shall apply to a principal amount of the Notes equal to the Partial Redemption Amount only and all such provisions shall be construed accordingly.

(iii) The Notes, in an amount equal to their outstanding principal amount prior to any such partial redemption less the Partial Redemption Amount, shall remain outstanding (the **Principal Amount Outstanding**), subject to the Conditions and the Final Terms, which shall otherwise continue in full force and effect, including, without limitation, the accrual of interest on the Principal Amount Outstanding of such Notes as provided in Condition 5 and in the Final Terms (adjusted to reflect the partial redemption under this paragraph (b) and otherwise in such manner as the Calculation Agent in its sole and absolute discretion determines to be appropriate).

(iv) For the avoidance of doubt:

(A) notwithstanding the occurrence of a Credit Event in respect of a Reference Entity and partial redemption of the Notes as provided in this paragraph (b), nothing shall prevent the Calculation Agent from delivering a further Credit Event Notice in respect of any Credit Event that may occur in respect of any other Reference Entity; and

(B) the provisions of this Condition 10.13 (as a whole) shall apply to the portion of each Note represented by a New Note in the case of any subsequent Succession Event affecting the relevant Reference Entity.

(v) If the Notes are partially redeemed pursuant to this paragraph (b), each such Note or, if the Notes are represented by a Global Note, such Global Note, shall be endorsed to reflect such partial redemption (if not issued in NGN form).

(vi) The Calculation Agent shall adjust any other of the Conditions and/or the applicable Final Terms as it in its sole and absolute discretion acting in a commercially reasonable manner shall determine to be appropriate to reflect that the relevant Reference Entity has been succeeded by more than one

Successor and shall determine the effective date of that adjustment. The Calculation Agent shall be deemed to be acting in a commercially reasonable manner if it adjusts any of the Conditions and/or the applicable Final Terms in such a manner as to reflect the adjustment to and/or division of any credit derivative transaction(s) related to or underlying the Notes in accordance with the Definitions.

(vii) Upon the Calculation Agent determining the identity of more than one Successor in accordance with the provisions of this paragraph (b), the Issuer shall give notice as soon as practicable to Noteholders in accordance with Condition 18, stating the adjustments it has made to the Conditions and/or the applicable Final Terms (including, *inter alia*, specifying the names of the Successors, setting out the Partial Redemption Amount, and giving brief details of the relevant Succession Event).

(viii) Where:

(A) one or more Successors to the Reference Entity have been identified; and

(B) any one or more such Successors have not assumed the Reference Obligation, a Substitute Reference Obligation will be determined by the Calculation Agent.

Substitute Reference Obligation means, for the purposes of this Condition 10.13, one or more obligations of the Reference Entity (either directly or as provider of any Qualifying Guarantee) that will replace one or more Reference Obligations, identified by the Calculation Agent in accordance with the following procedures:

(I) In the event that (1) a Reference Obligation is redeemed in whole or (2) in the opinion of the Calculation Agent (x) the aggregate amounts due under any Reference Obligation have been materially reduced by redemption or otherwise (other than due to any scheduled redemption, amortisation or prepayments), (y) any Reference Obligation is an Underlying Obligation with a Qualifying Guarantee of a Reference Entity and, other than due to the existence or occurrence of a Credit Event, the Qualifying Guarantee is no longer a valid and binding obligation of such Reference Entity enforceable in accordance with its terms, or (z) for any other reason, other than due to the existence or occurrence of a Credit Event, any Reference Obligation is no longer an obligation of a Reference Entity, the Calculation Agent shall identify one or more Obligations to replace such Reference Obligation.

(II) Any Substitute Reference Obligation or Substitute Reference Obligations shall be an Obligation that (1) ranks *pari passu* (or, if no such Obligation exists, then, at the Calculation Agent's option, an Obligation that ranks senior) in priority of payment with such Reference Obligation (with the ranking in priority of payment of such Reference Obligation being determined as of the later of (x) the Issue Date and (y) the date on which such Reference Obligation was issued or incurred and not reflecting any change to such ranking in priority of payment after such later date), (2) preserves the economic equivalent, as closely as practicable as determined by the Calculation Agent in good faith and a commercially reasonable manner, of the delivery and payment obligations under the Notes and (3) is an obligation of a Reference Entity (either directly or as provider of a Qualifying Guarantee). The Substitute Reference Obligation or Substitute Reference Obligations identified by the Calculation Agent shall, without further action, replace such Reference Obligation(s).

(III) If more than one specific Reference Obligation is identified as a Reference Obligation in relation to the Final Terms, any of the events set forth under subparagraph (I) above has occurred with respect to one or more but not all of the Reference Obligations, and the Calculation Agent determines in good faith and in a commercially reasonable manner that no Substitute Reference Obligation is available for one or more of such Reference Obligations, each Reference Obligation for which no Substitute Reference Obligation is available shall cease to be a Reference Obligation.

(IV) If more than one specific Reference Obligation is identified as a Reference Obligation in the Final Terms, any of the events set forth under subparagraph (I) above has occurred with respect to all of the Reference Obligations, and the Calculation Agent determines in good faith and a commercially reasonable manner that at least one Substitute Reference Obligation is

available for any such Reference Obligation, then each such Reference Obligation shall be replaced by a Substitute Reference Obligation and each Reference Obligation for which no Substitute Reference Obligation is available will cease to be a Reference Obligation.

(V) If (1) more than one specific Reference Obligation is identified as a Reference Obligation in the Final Terms, any of the events set forth under subparagraph (I) above has occurred with respect to all of the Reference Obligations and the Calculation Agent determines in good faith and a commercially reasonable manner that no Substitute Reference Obligation is available for any of the Reference Obligations, or (2) only one specific Reference Obligation is identified as a Reference Obligation, any of the events set forth under subparagraph (I) above has occurred with respect to such Reference Obligation and the Calculation Agent determines in good faith and a commercially reasonable manner that no Substitute Reference Obligation is available for that Reference Obligation, then the Calculation Agent shall continue to attempt to identify a Substitute Reference Obligation until the Scheduled Maturity Date.

(VI) For purposes of identification of a Reference Obligation, any change in the Reference Obligation's CUSIP or ISIN number or other similar identifier will not, in and of itself, convert such Reference Obligation into a different Obligation.

(ix) In the event that (A) the Guarantor (or any Affiliate thereof) becomes a Successor to any Reference Entity as a result of a Succession Event or (B) the Guarantor (or any affiliate thereof) and any Reference Entity become affiliates, then the Calculation Agent shall in good faith replace such Reference Entity with another entity, which shall constitute a Reference Entity for purposes of these Notes, such replacement Reference Entity being of substantially similar credit quality, ratings, and if reasonably practicable, the same industry classification (as defined by Moody's) as such Reference Entity, that will not cause the implied credit quality of the Notes to change relative to such implied credit quality immediately prior to the day such Succession Event was legally effective, in each case as determined by the Calculation Agent.

(x) For the purposes of this paragraph (b), the following definitions shall apply and, where relevant, shall modify the definitions set out elsewhere in the Conditions and/or the applicable Final Terms:

Best Available Information means:

(A) in the case of a Reference Entity which files information (including unconsolidated, *pro forma* financial information which assumes that the relevant Succession Event has occurred) with its primary securities regulators or primary stock exchange or which provides such information to its shareholders, creditors or other persons whose approval of the Succession Event is required, that unconsolidated, *pro forma* financial information or, if provided subsequently to unconsolidated, *pro forma* financial information but before the Calculation Agent makes its determination for the purposes of this paragraph (b), other information that is contained in any written communication provided by the Reference Entity to its primary securities regulators, primary stock exchange, shareholders, creditors or other persons whose approval of the Succession Event is required; or

(B) in the case of a Reference Entity which does not file with securities regulators or a stock exchange, or which does not provide to shareholders, creditors or other persons whose approval of the Succession Event is required, the information contemplated in (A) above, the best publicly available information at the disposal of the Calculation Agent to allow it to make a determination for the purposes of this paragraph (b).

Information which is made available more than 14 days after the legally effective date of the Succession Event shall not constitute Best Available Information.

Relevant Obligations means the Obligations constituting Bonds and Loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any of its affiliates, as determined by the Calculation Agent. The Calculation Agent will determine the entity to which such Relevant Obligations are transferred on the basis of the Best Available Information. If the date on which the Best Available Information is available or is filed precedes the legally effective date of the relevant

Succession Event, any assumptions as to the allocation of obligations between or among entities contained in the Best Available Information will be deemed to have been fulfilled as of the legally effective date of the Succession Event, whether or not this is in fact the case.

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

For the purposes of this Condition 10.13, **succeed** means, with respect to a Reference Entity and its Relevant Obligations (or, as applicable, obligations), that a party other than such Reference Entity (i) assumes or becomes liable for such Relevant Obligations (or, as applicable, obligations) whether by operation of law or pursuant to any agreement or (ii) issues Bonds that are exchanged for Relevant Obligations (or, as applicable, obligations), and in either case such Reference Entity is no longer an obligor (primarily or secondarily) or guarantor with respect to such Relevant Obligations (or, as applicable, obligations). The determinations required pursuant to subparagraph (a)(i)(A) above shall be made, in the case of an exchange offer, on the basis of the outstanding principal balance of Relevant Obligations tendered and accepted in the exchange and not on the basis of the outstanding principal balance of Bonds for which Relevant Obligations have been exchanged.

Subsequent to a Succession Event, the Obligation Characteristics and Deliverable Obligation Characteristics of any Successor shall continue to be the same Obligation Characteristics and Deliverable Obligation Characteristics of the relevant predecessor Reference Entity of such Successor, unless the Calculation Agent notifies the Issuer and the Noteholders that the Obligation Characteristics and/or Deliverable Obligation Characteristics have been updated to reflect the then market standard based upon each such Successor's geographic region of organisation or jurisdiction.

10.14 Definitions

For the purposes of this Condition 10 (unless otherwise specified in the applicable Final Terms or the context otherwise requires):

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

Bankruptcy means a Reference Entity: (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due; (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained in each case within 30 calendar days of the institution or presentation thereof; (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 calendar days thereafter; or (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (a) to (g) (inclusive);

Bond or Loan means an Obligation which is a Bond or Loan;

Borrowed Money means any obligation (excluding an obligation under a revolving credit arrangement for which there are no outstanding, unpaid drawings in respect of principal) for the payment or repayment of borrowed money (which term shall include, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit);

Business Day means a Business Day as defined in Condition 7.2 and, in the case of Notes that the Issuer is to redeem by means of Physical Settlement, for the purposes of the Delivery of Deliverable Obligations, a day in any other jurisdiction on which securities settlement systems are open for settlement of the relevant Deliverable Obligations;

Calculation Agent means the entity designated for such purpose as is specified in the applicable Final Terms;

Cash Settlement Amount means, unless specified otherwise in the applicable Final Terms, for each obligation being valued, being solely the Reference Obligations to the extent Cash Settlement applies, the greater of (a) the aggregate of (i) the outstanding principal balance, Due and Payable Amount or Currency Amount, as applicable, of each such obligation being valued as selected by the Calculation Agent in the Reference Obligation Notice, multiplied by (ii) the Final Price with respect to such obligation and (b) zero;

Cash Settlement Date shall be the date that is three Business Days after the calculation of the Final Price or such other date as is specified in the applicable Final Terms;

Conditionally Transferable Obligation means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Modified Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds, provided, however, that a Deliverable Obligation other than Bonds will be a Conditionally Transferable Obligation notwithstanding that consent of the Reference Entity or the guarantor, if any, of a Deliverable Obligation other than Bonds (or the consent of the relevant obligor if a Reference Entity is guaranteeing such Deliverable Obligation) or any agent is required for such novation, assignment or transfer so long as the terms of such Deliverable Obligation provide that such consent may not be unreasonably withheld or delayed. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition;

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

Credit Event means any one or more of the events specified as such in the applicable Final Terms;

Credit Event Redemption Date means: (a) in the case of Cash Settlement, the Cash Settlement Date; (b) in the case of Physical Settlement, the Physical Settlement Date; or (c) if Physical Settlement applies but on the Physical Settlement Date some or all of the Deliverable Obligations specified in the Notice of Physical Settlement cannot be delivered for any reason as set out in Conditions 10.4, 10.5, 10.6 and 10.7 above, the Partial Cash Settlement Terms (as set out in Condition 10.8) will apply. In such case: (i) if all such Deliverable Obligations cannot be delivered as aforementioned, the Credit Event Redemption Date will be the Cash Settlement Date (as defined in Condition 10.8); or (ii) if only some of such Deliverable Obligations cannot be delivered as aforementioned, the Credit Event Redemption Date for all such Deliverable Obligations shall be the later of (A) the Cash Settlement Date that applies to such Deliverable Obligations that cannot be delivered as aforementioned, and (B) the Physical Settlement Date for such Deliverable Obligations which can be delivered;

Default Requirement means the amount specified as such in the applicable Final Terms, and if none is specified, the amount will be US$10,000,000 or the equivalent in any other currency;

Deliverable Obligation means:

(a) any obligation of a Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or Qualifying Policy (if applicable to any monoline insurance company or similar entity if such entity is a Reference Entity) or, if "All Guarantees" is specified as applicable in the applicable Final Terms, as

provider of any Qualifying Guarantee) described by the Deliverable Obligation Category and having each of the Deliverable Obligation Characteristics, in each case, as of the Delivery Date (but excluding any Excluded Deliverable Obligation) that is (i) payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than as set out in Condition 10.1(b)(i)-(iv) or right of set-off by or of a Reference Entity or any applicable Underlying Obligor, and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement;

(b) subject to the second sentence in the definition of "Not Subordinated", each Reference Obligation, unless specified in the applicable Final Terms as an Excluded Deliverable Obligation;

(c) solely in relation to a Restructuring Credit Event applicable to a Sovereign Reference Entity, any Sovereign Restructured Deliverable Obligation (but excluding any Excluded Deliverable Obligation) that (i) is payable in an amount equal to its outstanding principal balance or Due and Payable Amount, as applicable, (ii) is not subject to any counterclaim, defence (other than as set out in Condition 10.1(b)(i)-(iv)) or right of set-off by or of a Reference Entity or, as applicable, an Underlying Obligor and (iii) in the case of a Qualifying Guarantee other than a Qualifying Affiliate Guarantee, is capable, at the Delivery Date, of immediate assertion or demand by or on behalf of the holder or holders against the Reference Entity for an amount at least equal to the outstanding principal balance or Due and Payable Amount being delivered apart from the giving of any notice of non-payment or similar procedural requirement, it being understood that acceleration of an Underlying Obligation shall not be considered a procedural requirement; and

(d) any other obligation of a Reference Entity specified as such in the applicable Final Terms, provided that:

(i) where the Issuer is to redeem the Notes by means of Physical Settlement, if "Restructuring Maturity Limitation and Fully Transferable Obligation Applicable" are specified as applicable in the applicable Final Terms and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be specified in the Notice of Physical Settlement only if it (A) is a Fully Transferable Obligation, and (B) has a final maturity date not later than the Restructuring Maturity Limitation Date; and

(ii) where the Issuer is to redeem the Notes by means of Physical Settlement, if "Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable" are specified as applicable in the applicable Pricing Circular Supplement and Restructuring is the only Credit Event specified in a Credit Event Notice, then a Deliverable Obligation may be specified in the Notice of Physical Settlement only if it (A) is a Conditionally Transferable Obligation, and (B) has a final maturity date not later than the applicable Modified Restructuring Maturity Limitation Date.

If the term "Deliverable Obligation" is to apply to Notes to be redeemed by the Issuer by means of Cash Settlement, references to "Delivery Date" shall be deemed to be references to "Valuation Date".

The Deliverable Obligations to be delivered by the Issuer to the Noteholders shall have an outstanding principal balance (excluding accrued interest) equal to the outstanding Aggregate Nominal Amount of the Notes, subject to Condition 10.7 above;

Delivery Agent means the entity designated for such purpose as specified in the applicable Final Terms;

Delivery Date means, with respect to a Deliverable Obligation, the date on which such Deliverable Obligation is delivered;

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

Event Determination Date means, in respect of any Credit Event, the first date on which the related Credit Event Notice and, if specified as applicable in the applicable Final Terms, the Notice of Publicly Available Information are effective in accordance with the Conditions;

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

Final Price means the price, expressed as a percentage, determined in accordance with the Valuation Method specified in the applicable Final Terms;

Full Quotation means each firm bid quotation obtained from a Dealer;

Fully Transferable Obligation means a Deliverable Obligation that is either Transferable, in the case of Bonds, or capable of being assigned or novated to all Eligible Transferees without the consent of any person being required, in the case of any Deliverable Obligation other than Bonds. Any requirement that notification of novation, assignment or transfer of a Deliverable Obligation be provided to a trustee, fiscal agent, administrative agent, clearing agent or paying agent for a Deliverable Obligation shall not be considered to be a requirement for consent for purposes of this definition. For purposes of determining whether a Deliverable Obligation satisfies the requirements of this definition of Fully Transferable Obligation, such determination shall be made as of the Delivery Date, taking into account only the terms of the Deliverable Obligation and any related transfer or consent documents which have been obtained by the Issuer;

Hedge Amount means an amount equal to the aggregated net gain or loss to the Issuer associated with any interest rate and/or currency transactions or deposits or other hedging transactions in connection with the Notes which have been terminated, novated or otherwise amended due to the early redemption of the Notes, including without limitation losses and costs (or gains) in respect of any payment required to have been made, any loss of bargain or cost of funding, in each case as determined by the Calculation Agent;

London Business Day means a day on which commercial banks and foreign exchange markets are generally open to settle payments in London;

Modified Restructuring Maturity Limitation Date means, with respect to a Deliverable Obligation, the date that is the later of (a) the Maturity Date and (b) 60 months following the Restructuring Date in the case of a Restructured Bond or Loan, or 30 months following the Restructuring Date in the case of all other Deliverable Obligations;

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

Notice Delivery Period means the period from and including the Issue Date to and including the Maturity Date;

Notice of Physical Settlement means an irrevocable notice from the Issuer confirming that the Issuer will deliver the Deliverable Obligations to the Noteholder and containing a detailed description of the type of Deliverable Obligations that the Issuer reasonably expects to Deliver, which may be amended to the extent that the Calculation Agent determines that it is impracticable to Deliver such Deliverable Obligations;

Notice of Publicly Available Information means an irrevocable notice from the Calculation Agent (which may be by telephone) to the Issuer and the Principal Paying Agent that cites Publicly Available Information confirming the occurrence of the Credit Event described in the Credit Event Notice. The notice given must contain a copy or a description in reasonable detail of the relevant Publicly Available Information. If Notice of Publicly Available Information is a Condition to Settlement in the Final Terms and a Credit Event Notice

cites Publicly Available Information, such Credit Event Notice will also be deemed to be a Notice of Publicly Available Information;

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

Obligation means (a) any obligation of the Reference Entity (either directly or as provider of a Qualifying Affiliate Guarantee or Qualifying Policy (if applicable to any monoline insurance company or similar entity if such entity is a Reference Entity) or, if All Guarantees is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee) described in the Obligation Category and having the Obligation Characteristics specified in the applicable Final Terms, (b) each Reference Obligation, unless specified in the applicable Final Terms as an Excluded Obligation, and (c) any other obligation of the Reference Entity specified in the applicable Final Terms;

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

Obligation Currency means the currency or currencies in which an Obligation is denominated;

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

Outstanding Amount means, where Notes have been redeemed *pro rata* in an amount equal to the Exercise Amount following the occurrence of a Restructuring Credit Event, the amount of Notes remaining after such redemption, being equal to the outstanding Aggregate Nominal Amount of the Notes prior to such redemption less the Exercise Amount;

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

Permitted Currency means (a) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership); or (b) the legal tender of any country which, as of the date of such change, is a member of the Organisation for Economic Co-operation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by Standard & Poor's or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's or any successor to the rating business thereof, or AAA or higher assigned to it by Fitch or any successor to the rating business thereof;

Physical Settlement means delivery of the Deliverable Obligations in accordance with Condition 10.2 above and Condition 19;

Physical Settlement Date means the date which is specified as such in the applicable Final Terms;

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

Potential Repudiation/Moratorium means the occurrence of an event described in part (a) of the definition of "Repudiation/Moratorium";

Qualifying Policy means (a) a financial guarantee insurance policy or similar financial guarantee pursuant to which a Reference Entity irrevocably guarantees or insures all interest and principal payments (which may exclude certain default interest and indemnities) of an instrument that constitutes Borrowed Money for which another party (including a special purpose entity or trust) is the obligor, and (b) an Obligation and Deliverable Obligation (which, for the avoidance of doubt, must satisfy the relevant Deliverable Obligation Characteristics in respect of the relevant Reference Entity). In each case a Reference Entity is a monoline insurance company, notwithstanding the relevant Final Terms;

Quotation means each Full Quotation, the Weighted Average Quotation obtained and expressed as a percentage with respect to a Valuation Date as follows:

The Calculation Agent shall attempt to obtain Full Quotations with respect to each Valuation Date from five or more Dealers. If the Calculation Agent is unable to obtain two or more such Full Quotations on the same Business Day within three Business Days of a Valuation Date, then on the next following Business Day (and, if necessary, on each Business Day thereafter until the tenth Business Day following the relevant Valuation Date) the Calculation Agent shall attempt to obtain Full Quotations from five or more Dealers, and if two or more Full Quotations are not available, a Weighted Average Quotation. If two or more such Full Quotations or a Weighted Average Quotation are not available on any such Business Day, the Quotations shall be deemed to be any Full Quotation obtained from a Dealer on such tenth Business Day, or if no Full Quotation is obtained, the weighted average of any firm quotations obtained from Dealers on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be zero for the balance of the Quotation Amount for which the firm quotations were not obtained on such day;

Reference Entity or **Reference Entities** means each entity specified in the applicable Final Terms, and any successor thereof as determined by the Calculation Agent or otherwise in accordance with the terms of the Final Terms;

Reference Obligation means any obligation specified as such or of a type described in the applicable Final Terms and any Substitute Reference Obligation;

Reference Obligation Notice means an irrevocable notice from the Issuer sent not later than 30 calendar days following the relevant Event Determination Date that includes a description of the Reference Obligation(s) to be used for valuation of the Cash Settlement Amount as follows:

(a) title or designation;

(b) maturity date; and

(c) in the case of a Bond, the ISIN or CUSIP number;

Reference Period means the period from and including the Issue Date until and including the Scheduled Termination Date (without prejudice to Conditions 10.9 and 10.10) or such other period as is specified in the applicable Final Terms;

Reference Price means the price specified as such in the applicable Final Terms, and if none is specified, 100 per cent.;

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

Repudiation/Moratorium Evaluation Date means, if a Potential Repudiation/Moratorium occurs on or prior to the Scheduled Termination Date, (a) if the Obligations to which such Potential Repudiation/Moratorium relates include Bonds, the date that is the later of (i) the date that is 60 days after the date of such Potential Repudiation/Moratorium and (ii) the first payment date under any such Bond after the date of such Potential Repudiation/Moratorium (or, if later, the expiration date of any applicable Grace Period in respect of such payment date) and (b) if the Obligations to which such Potential Repudiation/Moratorium relates do not include Bonds, the date that is 60 days after the date of such Potential Repudiation/Moratorium;

Restructured Bond or **Loan** means an Obligation which is a Bond or Loan and in respect of which a Restructuring that is the subject of a Credit Event Notice has occurred;

Restructuring means:

(a) that, with respect to one or more Obligations and in relation to an aggregate amount of not less than the Default Requirement (if any), any one or more of the following events occurs in a form that binds all holders of such Obligation, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of such Obligation to bind all holders of the Obligation, or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that binds all holders of such Obligation, and such event is not expressly provided for under the terms of such Obligation in effect as of the later of the Issue Date and the date as of which such Obligation is issued or incurred:

  (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;

  (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;

  (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest or (B) the payment of principal or premium;

  (iv) a change in the ranking in priority of payment of any Obligation, causing the Subordination of such Obligation to any other Obligation; or

  (v) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency.

(b) Notwithstanding the above, none of the following shall constitute a Restructuring: (i) the payment in euros of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union; (ii) the occurrence of, agreement to or announcement of any of the events described in subparagraphs (a)(i)-(v) above due to any administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and (iii) the occurrence of, agreement to or announcement of any of the events described in subparagraphs (a)(i)-(v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.

(c) For purposes of (a) and (b) above and (d) below, the term "Obligation" shall be deemed to include Underlying Obligations for which the Reference Entity is acting as provider of a Qualifying Affiliate Guarantee or, if "All Guarantees" is specified as applicable in the applicable Final Terms, as provider of any Qualifying Guarantee. In the case of a Qualifying Guarantee and an Underlying Obligation, references to the Reference Entity in (a) shall be deemed to refer to the Underlying Obligor and the reference to the Reference Entity in (b) shall continue to refer to the Reference Entity.

(d) Unless Multiple Holder Obligation is specified as not applicable in the applicable Final Terms, then, notwithstanding anything to the contrary in (a), (b) or (c) above, the occurrence of, agreement to or announcement of any of the events described in (a)(i)-(v) shall not be a Restructuring unless the Obligation in respect of any such events is a Multiple Holder Obligation;

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

Restructuring Maturity Limitation Date means the date that is the earlier of (a) 30 months following the Restructuring Date and (b) the latest final maturity date of any Restructured Bond or Loan, provided, however, that under no circumstances shall the Restructuring Maturity Limitation Date be earlier than the Maturity Date or later than 30 months following the Maturity Date, and if it is, it shall be deemed to be the Maturity Date or 30 months following the Maturity Date, as the case may be;

Scheduled Termination Date means the last day of the Reference Period;

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

Sovereign Restructured Deliverable Obligation means an Obligation of a Sovereign Reference Entity (a) in respect of which a Restructuring that is the subject of the relevant Credit Event Notice has occurred and (b) described by the Deliverable Obligation Category specified in the applicable Final Terms, and, subject as set out in the definition of "Deliverable Obligation Category", having each of the Deliverable Obligation Characteristics, if any, specified in the applicable Final Terms, in each case, immediately preceding the date on which such Restructuring is legally effective in accordance with the terms of the documentation governing such Restructuring without regard to whether the Obligation would satisfy such Deliverable Obligation Category or Deliverable Obligation Characteristics after such Restructuring;

Valuation Date means the date specified in the applicable Final Terms;

Valuation Time means the relevant time specified in the applicable Final Terms; and

Weighted Average Quotation means the weighted average of firm bid quotations obtained from the Dealers.

The capitalised terms used herein and not otherwise defined herein or in the applicable Final Terms have the meanings set out in the 2003 ISDA Credit Derivatives Definitions as supplemented by the May 2003 Supplement to such Definitions and the Credit Derivatives Physical Settlement Matrix published on 7 March, 2005 by the International Swaps and Derivatives Association, Inc. (the **2005 Matrix**), published by the International Swaps and Derivatives Association, Inc. (in each case as supplemented or amended in the applicable Final Terms), save that any references in such definitions to the **related Confirmation** shall be deemed to refer instead to the **applicable Final Terms**, references to the **Credit Derivative Transaction** shall be deemed to refer instead to the **Notes**, references to the **Buyer** shall be deemed to refer instead to the **Issuer**, and references to the **Seller** shall be deemed to refer instead to the **Noteholder(s)**.

In the case of Credit Linked Notes which are to be redeemed by Physical Settlement, the provisions of Condition 19 below shall apply if so specified (with such modifications, if any, as may be provided) in the applicable Final Terms.

11. TAXATION

All payments of principal and interest (including any Arrears of Interest and Default Interest) in respect of the Notes, Receipts and Coupons by the Issuer or the Guarantor (in the case of Guaranteed Notes) will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature, imposed or levied by or on behalf of any Tax Jurisdiction, unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor (in the case of Guaranteed Notes) will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that:

(a) (in respect of payments by the Parent) no such additional amounts shall be payable with respect to any Note, Receipt or Coupon for or on account of *imposta sostitutiva* (at the then applicable rate of tax) pursuant to Italian Legislative Decree No. 239 of 1 April, 1996 or, for the avoidance of doubt, Italian Legislative Decree No. 461 of 21 November, 1997 (as amended by Italian Legislative Decree No. 201 of 16 June, 1998) (as any of the same may be amended or supplemented) or any related implementing regulations; and

(b) no such additional amounts shall be payable with respect to any Note, Receipt or Coupon presented for payment:

(i) by, or on behalf of, a holder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with the Tax Jurisdiction other than the mere holding of such Note; or

(ii) by, or on behalf of, a holder who is entitled to avoid such withholding or deduction in respect of such Note, Receipt or Coupon by making a declaration or any other statement to the relevant tax authority, including, but not limited to, a declaration of residence or non-residence or other similar claim for exemption; or

(iii) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on such thirtieth day (assuming such day to have been a Payment Day as defined in Condition 8.6); or

(iv) (in the case of Guaranteed Notes and Notes issued by UniCredito) in the Republic of Italy; or

(v) (in the case of Notes issued by UCI Ireland) in Ireland;

(vi) (in respect of payments by UniCredito) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or any other amount is paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities; and

(vii) (in respect of payments by UniCredito) in all circumstances in which the procedures set forth in Legislative Decree No. 239 of 1 April, 1996, as amended, have not been met or complied with, except where such requirements and procedures have not been met or complied with due to the actions or omissions of UniCredito or its agents;

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

(ix) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note/Coupon to another Paying Agent in a Member State of the European Union; or

(x) where the holder who would have been able to lawfully avoid (but has not so avoided) such deduction or withholding by complying, or procuring that any third party complies, with any statutory requirements.

As used herein:

(A) **Tax Jurisdiction** means (I) (in the case of payments by UniCredito) the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax and (II) (in the case of payments by UCI Ireland) the Republic of Ireland or any political subdivision or any authority thereof or therein having power to tax, or any political subdivision or any authority thereof or therein having power to tax, or in any such case any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the relevant Issuer or the Guarantor (in the case of Guaranteed Notes), as the case may be, becomes subject in respect of payments made by it of principal and interest on the Notes, Receipts and Coupons; and

(B) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent, the Trustee or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 18.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 11 or under any obligation undertaken in addition thereto or in substitution therefor pursuant to the Trust Deed.

Without prejudice to the above provisions, in the event that Notes issued by UniCredito are redeemed prior to eighteen months from the Issue Date, UniCredito will be required to pay an amount equal to 20 per cent. of the interest and other amounts accrued up to the time of the early redemption. Such payment will be made by UniCredito and will not affect the amounts to be received by the Noteholders by way of interest or other amounts, if any, under the Notes.

12. PRESCRIPTION

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 11) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 8.2 or any Talon which would be void pursuant to Condition 8.2.

13. EVENTS OF DEFAULT

13.1 Events of Default relating to Senior Notes

This Condition 13.1 applies only to Notes specified in the applicable Final Terms as being Senior Notes.

The Trustee, at its discretion, may, and if so requested in writing by the holders of at least one quarter in principal amount of the Notes then outstanding, or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders), shall (subject in each case to the Trustee being indemnified and/or secured to its satisfaction), (but, in the case of the happening of any of the events mentioned in paragraphs (b) to (e) and (g), (h), (i) and (k), only if the Trustee shall have certified in writing to the Issuer and the Guarantor (in the case of Guaranteed Notes) that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice to the Issuer and, in the case of the Guaranteed Notes, the Guarantor that each Note is, and each Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each an **Event of Default**) shall occur:

(a) if default is made in the payment of any principal, premium (if any) or interest due in respect of the Notes or any of them and the default continues for a period of seven days in the case of principal or premium or 14 days in the case of interest; or

(b) if the Issuer or, in the case of Guaranteed Notes, the Guarantor fails to perform or observe any obligation or provision binding on it under the Notes or the Trust Deed (other than any obligation for payment of any principal, premium (if any) or interest in respect of the Notes) and, except where, in the opinion of the Trustee, such default is not capable of remedy (in which case the Notes will become due and repayable subject to, and immediately upon, the Trustee certifying and giving notice as aforesaid), such default continues for 30 days (or such longer period as the Trustee may permit) after written notice thereof by the Trustee to the Issuer or the Guarantor, as the case may be, requiring the same to be remedied; or

(c) one or more final judgment(s) or order(s), not being susceptible to appeal, for the payment of any amount of indebtedness (being an amount of indebtedness which is material in the context of the Issuer or (in the case of Guaranteed Notes) the Guarantor) is rendered by a court of competent jurisdiction against the Issuer or (in the case of Guaranteed Notes) the Guarantor and continue(s) unsatisfied and unsteady for a period of 30 days after the date(s) thereof or, if later, the date therein specified for judgment; or

(d) the Issuer or (in the case of Guaranteed Notes) the Guarantor shall be adjudicated or found bankrupt or insolvent or shall stop or threaten to stop payment or shall be found unable to pay its debts, or any order shall be made by any competent court or administrative agency for, or any resolution shall be passed by the Issuer or (in the case of Guaranteed Notes) the Guarantor for, judicial composition proceedings with its creditors or for the appointment of a receiver or trustee or other similar official in insolvency

proceedings in relation to the Issuer or, as the case may be, the Guarantor or all or substantially all of its assets; or

(e) (in the case of Notes issued by UniCredito) the Issuer or (in the case of Guaranteed Notes) the Guarantor becomes subject to an order for *Liquidazione coatta amministrativa* (within the meaning ascribed to that expression by the Italian Banking Act and the other laws of the Republic of Italy); or

(f) the Issuer or (in the case of Guaranteed Notes) the Guarantor shall be wound up, liquidated or dissolved (otherwise than for the purposes of an amalgamation, merger, reconstruction or reorganisation on terms previously approved in writing by the Trustee or an Extraordinary Resolution of the Noteholders); or

(g) the Issuer or (in the case of Guaranteed Notes) the Guarantor shall cease to carry on business or threaten to cease to carry on all or substantially all of its business (otherwise than for the purposes of an amalgamation, merger, reconstruction or reorganisation on terms previously approved in writing by the Trustee or an Extraordinary Resolution of the Noteholders); or

(h) if (i) proceedings are initiated against the Issuer or (in the case of Guaranteed Notes) the Guarantor under any applicable liquidation, insolvency, composition, examination, reorganisation or other similar laws, or an application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator, examiner or other similar official is appointed, in relation to the Issuer or (in the case of Guaranteed Notes) the Guarantor or, as the case may be, in relation to all or substantially all of the undertaking or assets of any of them, or an encumbrancer takes possession of all or substantially all of the undertakings or assets of either of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against all or substantially all of the undertakings or assets of either of them and (ii) in any case is not discharged within 30 days (or such longer period as the Trustee may approve); or

(i) if either (i) any indebtedness for Borrowed Money in excess of €35,000,000 (or its equivalent in any other currency or currencies) of the Issuer or (in the case of Guaranteed Notes) the Guarantor shall become repayable prior to the due date for payment thereof by reason of default by the Issuer or, as the case may be, the Guarantor or shall not be repaid at maturity as extended by any applicable grace period therefor and, in either case, steps shall have been taken to obtain repayment, or (ii) any guarantee given by the Issuer or (in the case of Guaranteed Notes) the Guarantor of any indebtedness for Borrowed Money in excess of €35,000,000 (or its equivalent in any other currency or currencies) shall not be honoured when due and called; or

(j) (in the case of Guaranteed Notes) the Guarantee of the Notes is not (or is claimed by the Guarantor not to be) in full force and effect; or

(k) any event occurs which, under the laws of the jurisdiction of incorporation of the Issuer or (in the case of Guaranteed Notes) the Guarantor, has an analogous effect to any of the events referred to in paragraphs (d), (f), (g) and (h) above.

13.2 Events of Default relating to Subordinated Notes

This Condition 13.2 applies only to Notes specified in the applicable Final Terms as being Subordinated Notes.

The Trustee, at its discretion, may, and if so requested in writing by the holders of at least one quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to the Trustee being indemnified and/or secured to its satisfaction) give notice to UniCredito or UCI Ireland, as the case may be, that the Notes are, and shall accordingly forthwith become, immediately due and repayable at their Early Redemption Amount plus accrued interest as provided in the Trust Deed, in case of Subordinated Notes issued by UniCredito in the event that UniCredito shall become subject to *Liquidazione Coatta Amministrativa* as defined in Legislative Decree No. 385 of 1 September, 1993 of the Republic of Italy (as amended from time to time) and in case of UCI Ireland Subordinated Notes, in the event that:

(a) UCI Ireland is (or is, or could be, deemed by law or a 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 (or of a particular type 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 any part of (or of a particular type of) the debts of UCI Ireland; or

(b) proceedings are started for the examination, winding-up, dissolution, administration or reorganisation (otherwise than while solvent) of UCI Ireland or for the appointment of a receiver, trustee, examiner or similar officer to UCI Ireland or any or all of its revenues and assets; or

(c) an order is made or an effective resolution passed for the winding-up or dissolution of UCI Ireland.

14. ENFORCEMENT

14.1 Subject (in the case of Subordinated Notes issued by UniCredito) to paragraph 14.2 below, the Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the obligations of the Issuer and/or the Guarantor under the Trust Deed or the Notes, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding, and (b) it shall have been indemnified and/or secured to its satisfaction.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer and/or the Guarantor unless the Trustee, having become bound so to proceed as aforesaid, fails so to do within a reasonable time and such failure is continuing.

14.2 *This Condition 14.2 applies only to Notes specified in the applicable Final Terms as being Subordinated Notes issued by UniCredito.*

Proceedings for the winding-up or liquidation of UniCredito may only be initiated in the Republic of Italy (and not elsewhere), by the Trustee on behalf of the Noteholders, in accordance with the laws of the Republic of Italy (except for the purposes of an Approved Reorganisation).

In these Conditions, **Approved Reorganisation** means a solvent and voluntary reorganisation involving, alone or with others, UniCredito and whether by way of consolidation, amalgamation, merger, transfer of all or part of any business or assets, or otherwise, provided that the principal resulting, surviving or transferee entity which is a banking company effectively assumes all the obligations of UniCredito under, or in respect of, the Notes and, in the case of Guaranteed Notes, the Guarantee.

15. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note, Receipt, Coupon or Talon 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 (in the case of Bearer Notes, Receipts or Coupons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

16. AGENTS

The names of the initial Agents and their initial specified offices are set out below.

The Issuer is entitled (with the prior written approval of the Trustee) to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

(a) there will at all times be a Paying Agent (which may be the Principal Paying Agent), having a specified office in a Member State of the European Union other than the jurisdiction in which the Issuer or the Guarantor (as the case may be) is incorporated, and a Registrar;

(b) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) with a specified office

in such place as may be required by the rules and regulations of the relevant stock exchange, the competent authority or other relevant authority;

(c) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent; and

(d) 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 Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 8.5. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Trustee and Noteholders in accordance with Condition 18.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the Guarantor (in the case of the Guaranteed Notes) and, in certain circumstances specified in the Agency Agreement and the Trust Deed, of the Trustee, and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

17. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon Principal Paying (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 12.

18. NOTICES

18.1 Notes other than Credit Linked Notes

All notices regarding the Bearer Notes will be deemed to be validly given if published and for so long as the Bearer Notes are listed on the Luxembourg Stock Exchange, in accordance with the rules and regulations of the Luxembourg Stock Exchange (which includes publications on the website of the Luxembourg Stock Exchange (*www.bourse.lu)*) or in a daily newspaper of general circulation in Luxembourg, which is expected to be *d'Wort* or the *Tageblatt* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. 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. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first-class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange and the rules of that exchange so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such

notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg and/or DTC.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Paying Agent or the Registrar and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose.

18.2 Credit Linked Notes

Notwithstanding the provisions of Condition 18.1 above, so long as the Notes, being Credit Linked Notes, are represented by a Global Note held in its entirety on behalf of DTC and/or Euroclear and/or Clearstream, Luxembourg, all notices to the Noteholders may be given by delivery of such notices to DTC and/or Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given on the day on which such notice was given to DTC and/or Euroclear and/or Clearstream, Luxembourg.

Notwithstanding as aforesaid, for so long as any such Notes are listed on the Luxembourg Stock Exchange, all notices regarding such Notes shall be deemed to be validly given if published in a daily newspaper of general circulation in Luxembourg or on the Luxembourg Stock Exchange website (*www.bourse.lu*). It is expected that such publication will be made in *d'Wort* or the *Tageblatt* in Luxembourg. Any such notice will be deemed to have been given on the date of the first publication in the required newspaper.

Subject to the requirement of the rules of the Luxembourg Stock Exchange, until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of DTC and/or Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper the delivery of the relevant notice to DTC and/or Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given on the first DTC and/or Euroclear and/or Clearstream, Luxembourg business day after the day on which such notice was given to DTC and/or Euroclear and/or Clearstream, Luxembourg.

If the Global Note is exchanged for definitive Notes, as a condition to such exchange, the relevant Noteholder will be required to give to the Issuer an address to which notices concerning the Note may be validly given. Upon any transfer of the definitive Notes, the new holder of the definitive Notes must provide to the Issuer at its specified office an address to which notices concerning the definitive Note may be validly given. Until the Issuer is informed of any new address as aforesaid it shall be entitled to deliver notices concerning the definitive Note to the last address notified to it as aforesaid, and any notice so given shall be deemed validly given notwithstanding that the definitive Note may have been transferred. Any such notice shall be deemed to have been given on the day when delivered or, if delivered after 5.00 p.m. on a business day or on a day other than a business day, on the next following business day in the place of delivery.

19. PHYSICAL SETTLEMENT

19.1 Procedure by Noteholders

If any Credit Linked Note falls to be redeemed and Physical Settlement is specified to apply in the applicable Final Terms, any delivery shall be in accordance with any applicable securities laws.

In order to receive the Deliverable Obligations, as defined in the applicable Final Terms (in the case of Credit Linked Notes) (the **Physical Settlement Amount**), the relevant Noteholder shall, at least ten Business Days (as defined in Condition 7.2), or such other period as may be specified in the applicable Final Terms, prior to the Credit Event Redemption Date, as the case may be, (as specified in the applicable Final Terms), deliver to any Paying Agent or Registrar, as the case may be, the Global Note or the definitive Note (which expression shall, for the purposes of this Condition 19, include Receipt(s) and, if applicable, all unmatured Coupons, in accordance with the provisions of Condition 7) together with:

(a) for so long as the Notes are represented by a Global Note, a notice to DTC and/or Euroclear and/or Clearstream, Luxembourg, as the case may be, with a copy to any Paying Agent or the Registrar, as

the case may be, and the Issuer, via the EUCLID System (a **EUCLID Notice**) or by such other appropriate means as shall be specified in the applicable Final Terms; or

(b) if the Note is in definitive form, a completed Asset Transfer Notice substantially in the form set out in the Agency Agreement (the **Asset Transfer Notice**) (a copy of which may be obtained from the specified office of any of the Paying Agents) with a copy to the Issuer.

A EUCLID Notice, Asset Transfer Notice or other form of notice specified in the applicable Final Terms, or as the case may be, is referred to herein as a Notice.

(c) The EUCLID Notice referred to above must:

(i) specify the name and address of the relevant Noteholder and the person from whom the Delivery Agent may obtain details for the delivery of the Physical Settlement Amount;

(ii) specify the number of Notes which are the subject of such notice and the number of the Noteholder's account at DTC, Euroclear or Clearstream, Luxembourg, as the case may be, to be debited with such Notes;

(iii) irrevocably instruct and authorise DTC, Euroclear or Clearstream, Luxembourg, as the case may be, to debit the relevant Noteholder's account with such Notes on the Credit Event Redemption Date;

(iv) provide the Noteholder's Certification that it is not a U.S. person or a person within the United States (as such terms are defined in Regulation S under the Securities Act); and

(v) authorise the production of such notice in any applicable administrative or legal proceedings.

(d) The Asset Transfer Notice referred to above must:

(i) specify the name and address of the person from whom the Delivery Agent may obtain details for delivery of the Physical Settlement Amount;

(ii) authorise the production of such notice in any applicable administrative or legal proceedings; and

(iii) provide the Noteholder's Certification that it is not a U.S. person or a person within the United States (as such terms are defined in Regulation S under the Securities Act).

(e) No Notice may be withdrawn after receipt thereof by DTC, Euroclear or Clearstream, Luxembourg or the Issuer, as the case may be.

(f) After delivery of such Notice, the relevant Noteholder may not transfer the Notes which are the subject of such Notice and no transfers of the Notes specified therein represented by a Global Note will be effected by DTC and/or Euroclear and/or Clearstream, Luxembourg.

(g) Failure properly to complete and deliver a Notice may result in such Notice being treated as null and void. Any determination as to whether a notice has been properly completed and delivered as provided in this Condition 19.1 shall be made by DTC, Euroclear or Clearstream, Luxembourg or the Issuer, as the case may be, after consultation with the Delivery Agent and shall be conclusive and binding on the Issuer and the relevant Noteholder.

19.2 Procedure by the Issuer and others

Upon receipt of a duly completed Notice and (in the case of Notes in definitive form) the Definitive Note to which such Notice relates, the relevant Paying Agent or the Registrar, as the case may be, DTC, Euroclear or Clearstream, Luxembourg, as the case may be, shall verify that the person specified therein as the accountholder is the holder of the Notes referred to therein according to its books.

Subject as provided herein, in relation to each Note, the Physical Settlement Amount will be delivered at the risk of the relevant Noteholder in such commercially reasonable manner as the Delivery Agent shall, in its sole discretion, determine to be appropriate for such delivery on the due date for redemption for the Notes, provided that the relevant Note in definitive form and the Notice are delivered not later than the close of

business in Luxembourg on the day (the **Notice Cut-Off Date**) which is five Business Days before the due date for redemption of the Notes.

19.3 Delay or Failure to Deliver Notice

If the relevant Note in definitive form and the Notice are delivered to the Issuer later than close of business on the Notice Cut-Off Date, then the Physical Settlement Amount will be delivered (but without prejudice to the provisions of the applicable Final Terms) as soon as practicable after the due date for redemption of the Notes, at the risk of such Noteholder.

For the avoidance of doubt, such Noteholder shall not be entitled to any payment or other assets, whether of interest or otherwise, in the event of the delivery of the Physical Settlement Amount falling after the due date for redemption of the Notes pursuant to the provisions of this Condition 19 or otherwise due to circumstances beyond the control of the Issuer.

If the relevant Noteholder fails to deliver a Notice in the manner set out in these Conditions or delivers a Notice on any day falling after the day that is 180 calendar days after the Notice Cut-Off Date or, in the case of Notes in definitive form, fails to deliver the definitive Note related thereto or fails to pay the expenses referred to in Condition 19.4, the Issuer shall be discharged from its obligation in respect of such Note and shall have no further obligation or liability whatsoever in respect thereof.

19.4 Costs and Expenses

All expenses including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax and/or other taxes or duties (together **Delivery Expenses**) arising from the delivery and/or transfer of the Physical Settlement Amount shall be for the account of the relevant Noteholder and no delivery and/or transfer of the Physical Settlement Amount shall be made until all Delivery Expenses have been paid to the satisfaction of the Delivery Agent by the relevant Noteholder.

19.5 Fractional Entitlement

If the Physical Settlement Amount comprises less than a whole number of securities at the relevant time, then (a) the Issuer shall not deliver and the relevant Noteholder shall not be entitled to receive in respect of its Notes that fraction of a security (the **Fractional Entitlement**) and (b) the Issuer shall pay to the relevant Noteholder a cash amount (to be paid at the same time as the securities comprising the Physical Settlement Amount) equal to the value (as determined by the Calculation Agent in its sole and absolute discretion) of such fraction of the relevant security, and such cash amount shall be deemed a part of the Physical Settlement Amount for the purposes of these Terms and Conditions.

19.6 Delivery at risk of Noteholder

Delivery of the Physical Settlement Amount by the Issuer to the Noteholder shall be at the risk of the Noteholder and no additional payment or delivery will be due to a Noteholder where the Physical Settlement Amount is delivered after its due date in circumstances beyond the control of either the Issuer or the Delivery Agent.

19.7 No further liability of Issuer

After delivery of the Physical Settlement Amount by the Issuer to a Noteholder pursuant to this Condition, but prior to the time when the Noteholder (or his designee) becomes registered as a holder of the relevant underlying security (the **Intervening Period**), neither the Issuer nor its agent or nominee shall (a) be under any obligation to deliver to such Noteholder or any subsequent beneficial owner of such relevant underlying security any letter, certificate, notice, circular, dividend or any other document or payment whatsoever received by the Issuer or its agent or nominee in its capacity as the registered holder of such relevant underlying security, (b) exercise any or all rights (including voting rights) attaching to such relevant underlying security during the Intervening Period without the prior written consent of the relevant Noteholder, provided that neither the Issuer nor its agent or nominee shall be under any obligation to exercise any such rights during the Intervening Period, or (c) be under any liability to such Noteholder or any subsequent beneficial owner of such relevant underlying security in respect of any loss or damage which such Noteholder or subsequent beneficial owner may sustain or suffer as a result, whether directly or indirectly, of the Issuer or its agent or nominee being registered during such Intervening Period as legal owner of such relevant underlying security.

20. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer, the Guarantor (in the case of the Guaranteed Notes) or Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts, the Coupons, these Conditions or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

(a) any modification of the Notes, the Receipts, the Coupons, these Conditions or the Trust Deed or any waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do; or

(b) any modification of the Notes, the Receipts, the Coupons, these Conditions or the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification, waiver, authorisation or determination shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall, unless the Trustee agrees otherwise, be notified to the Noteholders in accordance with Condition 18 as soon as practicable thereafter.

Without prejudice to the aforementioned discretions, the Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to the substitution at any time or times of any successor company (as defined in the Trust Deed) of the Issuer or any subsidiary or holding company of the Issuer or any successor company to such successor company, as the principal debtor under the Trust Deed and the Notes. Such agreement shall be subject to the relevant provisions of the Trust Deed, including (except where a successor company of the Issuer is the new principal debtor) the irrevocable and unconditional guarantee of the Notes by the Issuer and, in the case of Guaranteed Notes (except where the Guarantor is the new principal debtor), the irrevocable and unconditional guarantee of the Notes by the Guarantor. The Trustee may also agree without the consent of the Noteholders, the Receiptholders or the Couponholders to the addition of another company as an issuer of Notes under the Programme and the Trust Deed and to the substitution (in the case of Guaranteed Notes) of any successor company of the Guarantor or any subsidiary or holding company of the Parent as the guarantor in respect of Guaranteed Notes. Any such addition shall be subject to the relevant provisions of the Trust Deed and to such amendment thereof and such other conditions as the Trustee may require. In the case of any proposed substitution or addition, the Trustee may agree, without the consent of the Noteholders, the Receiptholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons and/or the Trust Deed provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interest of the Noteholders.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, substitution or change of law as aforesaid), 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, Receiptholders 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, Receiptholders 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, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Guarantor, or the Trustee any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 11 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 11 pursuant to the Trust Deed.

21. INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured to its satisfaction and to be paid to its costs and expenses in priority to the claims of the Noteholders.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or the Guarantor and/or any of the Issuer's other subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and or the Guarantor and/or any of the Issuer's other subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, Receiptholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

22. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon so that the same shall be consolidated and form a single Series with the outstanding Notes.

The Issuer may from time to time, with the prior written consent of the Trustee, create and issue other series of Notes having the benefit of the Trust Deed. The Trust Deed contains provisions for and governs the convening of a single meeting of the Noteholders and the holders of bearer or registered notes of other Series in certain circumstances where the Trustee so decides.

23. REPRESENTATIONS AND ACKNOWLEDGEMENTS (CREDIT LINKED NOTES)

EACH NOTEHOLDER (BEING IN THE CASE OF NOTES HELD BY A NOMINEE OR HELD IN A CLEARING SYSTEM, THE BENEFICIAL OWNER OF THE NOTES), BY SUBSCRIBING OR PURCHASING THE NOTES OR AN INTEREST IN THE NOTES, CONFIRMS THAT ALL OF THE FOLLOWING STATEMENTS WITH RESPECT TO THAT NOTEHOLDER ARE TRUE AND CORRECT ON THE DATE OF THE SUBSCRIPTION OR PURCHASE OF THE NOTES AND ACKNOWLEDGES THAT THE ISSUER HAS RELIED ON SUCH CONFIRMATION AND UNDERSTANDING IN ISSUING THE NOTES:

(a) The Noteholder has itself been, and will at all times continue to be, solely responsible for making its own independent appraisal of and investigation into the business, financial condition, prospects, creditworthiness, status and affairs of the Issuer.

(b) The Noteholder's purchase of the Notes (i) is fully consistent with its financial needs, objectives and condition, (ii) complies with and is fully consistent with all investment policies, guidelines and restrictions applicable to it, and (iii) is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

(c) Except for the publication of the Prospectus dated 12 November, 2007 (the **Prospectus**), the Noteholder has not relied, and will not at any time rely, on the Issuer or any other member of the UniCredito Group of companies (the **Group**) in connection with its determination as to the legality or the associated merits or risks of its purchase of the Notes or as to the other matters referred to in paragraph (b) above, or to

provide it with any information relating to, or to keep under review on its behalf, the business, financial condition, prospects, creditworthiness, status or affairs of the Issuer.

(d) The Noteholder has sufficient knowledge and experience in financial and business matters and has taken sufficient independent professional advice to make its own evaluation of the merits and risks of investment in the Notes and is not relying on either the views or advice of, or any information with respect to, the Issuer provided by the Issuer (except for any views or advice of, or information with respect to, the Issuer contained in the Prospectus) and/or any other member of the Group in that regard.

(e) The Noteholder's purchase of the Notes is lawful under the laws of the jurisdiction of its incorporation and the jurisdiction in which it operates (if different), and that such purchase will not contravene any law, regulation or regulatory policy applicable to it.

(f) The Noteholder acknowledges that the Issuer is not an agent of the Noteholder for any purpose.

(g) The Noteholder (except where the Noteholder is acting as dealer appointed under the Programme) is purchasing the Notes as principal for its own account, and/or for the account of its clients for whom the Noteholder is acting as an authorised representative, for either investment, financial intermediation, hedging or other commercial purposes and not with a view to, or for resale in connection with, any distribution or any disposition thereof, and no other person, other than the Noteholder and/or such clients, has or will have a direct or indirect beneficial interest in the Notes, other than by virtue of such person's direct or indirect beneficial interest in the Noteholder and/or such clients.

(h) Having been sent the Final Terms with respect to the Notes on or prior to the issue date, the initial Noteholder of the Notes has read the Final Terms and, having been given an opportunity to comment on the Final Terms, it understands the terms and conditions of the Notes and, in particular, those provisions relating to redemption, and it shall be bound by and deemed to have notice of the terms and conditions of the Notes.

In addition:

(i) The Noteholder has itself been, and will at all times continue to be, solely responsible for making its own independent appraisal of and investigation into the business, financial condition, prospects, creditworthiness, status and affairs of the Reference Entity, and its own independent appraisal of the Reference Obligation. The Noteholder acknowledges that the amount of principal to be repaid on the Maturity Date may be less than the stated principal amount of the Notes and may even be zero.

(j) The Noteholder has not relied, and will not at any time rely, on the Issuer or any other member of the Group (i) to provide it with any information relating to, or to keep under review on its behalf, the business, financial condition, prospects, creditworthiness, status or affairs of the Reference Entity or conduct any investigation or due diligence with respect to the Reference Entity or the Reference Obligation or (ii) to determine whether or not at the date hereof a Credit Event or an event or circumstance which, with the giving of notice or the passage of time or both, could constitute a Credit Event has occurred.

(k) In issuing the Notes, the Issuer is not making, and has not made, any representation whatsoever as to the Reference Entity, the Reference Obligation or any information contained in any document filed by the Reference Entity with any exchange or with any government entity regulating the purchase and sale of securities.

(l) The Noteholder acknowledges that the Notes are not and do not represent or convey any interest in the Reference Obligation, nor a direct or indirect obligation of the Reference Entity owing to the Noteholder, and that the Issuer is not an agent of the Noteholder for any purpose.

(m) The Issuer and each company in the Group may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, the Reference Entity or its affiliates or any other person or entity having obligations relating to the Reference Entity or the Reference Obligation, and may act with respect to such business freely and without accountability to the Noteholder in the same manner as if the Notes did not exist, regardless of

whether any such action might have an adverse effect on the Reference Obligations, the Reference Entity or such Noteholder.

(n) The Issuer and each company in the Group may, whether by virtue of the types of relationships described above or otherwise, at the date hereof or at any time hereafter be in possession of information in relation to the Reference Obligations or the Reference Entity which is or may be material in the context of the Notes and which is not or may not be known to the general public or the Noteholder. The Notes do not create any obligation on the part of the Issuer or any company in the Group to disclose to the Noteholder any such relationship or information (whether or not confidential) and neither the Issuer nor any other company in the Group shall be liable to the Noteholder by reason of such non-disclosure.

(o) The Noteholder acknowledges that the terms of the Notes are binding upon it, irrespective of the existence or amount of the Issuer's, the Noteholder's or any person's credit exposure to the Reference Entity, and the Issuer need not suffer any loss or provide evidence of any loss as a result of the occurrence of a Credit Event.

(p) The Noteholder acknowledges and agrees to abide by the transfer restrictions on transfers of the Notes set forth in the section of the Prospectus entitled "*Subscription and Sale and Transfer and Selling Restrictions*". The Noteholder further acknowledges that it will fully bear any financial or other liability arising from any breaches by it or its agents of such restrictions.

24. GOVERNING LAW AND SUBMISSION TO JURISDICTION

24.1 Governing law

The Trust Deed, the Agency Agreement, the Guarantee, the Notes (except for Condition 5), the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law. Conditions 5.1 to 5.4 are governed by, and shall be construed in accordance with, Italian law. Conditions 5.5 to 5.7 are governed by, and shall be construed in accordance with, the laws of Ireland.

24.2 Submission to jurisdiction

The Trustee, the Issuer and (in the case of Guaranteed Notes) the Guarantor each agrees, for the benefit of the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts and/or the Coupons and that accordingly (subject, in the case of Subordinated Notes, to the provisions of Condition 14.2) any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the Notes, the Receipts and the Coupons may be brought in such courts.

The Issuer and (in the case of Guaranteed Notes) the Guarantor each hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum, and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer or (in the case of Guaranteed Notes) the Guarantor in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

24.3 Appointment of Process Agent

The Issuers and (in the case of the Guaranteed Notes) the Guarantor appoint UniCredito Italiano S.p.A., London Branch at its office at Moor House, 120 London Wall, London, EC2Y 5ET or, if different, its principal office for the time being in London as its agent for service of process in England in respect of Proceedings. Nothing herein shall affect the right to serve Proceedings in any other manner permitted by law.

24.4 Non-exclusivity

The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of any Noteholder, Receiptholder or Couponholder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

25. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

Use of Proceeds

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, which include making a profit. If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

Description of UniCredito and the UniCredito Group

UniCredito, established in Genoa by way of a private deed dated 28 April, 1870 with an expiry date of 31 December, 2050, is incorporated as a company limited by shares and registered in the Genoa Trade and Companies Register, having its registered office at Via Minghetti 17, 00187, Rome, and having fiscal code and VAT number 00348170101. UniCredito's principal centre of business is at Piazza Cordusio 2, 20123, Milan, telephone number +39 028862 8136 (Investor Relations). The fully issued and paid-up capital of UniCredito as at 31 October, 2007 amounted to €6,681,330,190.50.

The Group is a full-service financial services group engaged in a wide range of banking, financial and related activities throughout Italy, Germany, Austria and numerous Central and Eastern European countries. The Group's activities include deposit-taking, lending, asset management, securities trading and brokerage, investment banking, international trade finance, corporate finance, leasing, factoring and the distribution of certain life insurance products through bank branches. At 30 June, 2007, the Group served more than 35 million customers through its multi-channel distribution network comprising the 7,486 branches of its main banks (including 3,042 in Italy, 799 in Germany and 387 in Austria), licensed bank subsidiaries in an additional 17 countries and a network of licensed financial consultants (*promotori finanziari*) operating in Italy, as well as internet and telephone banking capabilities.

At 30 June, 2007, the Group was the second largest banking group in Italy in terms of market capitalisation (€69.2 billion) and it had 135,880 (full time equivalent) employees, of which approximately 63,382 were in Italy, 23,073 in Germany and 49,426 in Austria. Based on total assets of €868,687 million at that same date, the Group was the second largest bank in Italy and Germany and the largest bank in Austria, Poland, Croatia and Bulgaria. At 30 June, 2007, the Group estimates that it held, in Italy, market shares of 10.9% for loans (including securitisations, source: internal estimates based on Bank of Italy data), 9.2% for direct deposits (source: internal estimates based on ABI data), and 15.7% for mutual funds (source: Assogestioni, the Italian association of asset managers). At that same date, the Group estimated that it held market share for loans of 4.3% in Germany (source: internal estimates based on Bundesbank data) and 18.6% in Austria (source: internal estimates based on Austrian Central Bank data) and that it was a leader across its Central and Eastern European markets.

In 2005, UniCredito entered into a business combination with Bayerische Hypo- und Vereinsbank Aktiengesellschaft (**HVB**), a leading Munich (Germany)-based banking and financial services group with substantial operations in Germany, Austria and several Central and Eastern European countries. For additional information, see "History – The Business Combination with the HVB Group". Effective 1 October, 2007, the Group completed its business combination with Capitalia S.p.A., a major Italian banking and financial services group with a strong presence in Central and Southern Italy. For additional information, see "History – Business Combination with Capitalia".

HISTORY AND DEVELOPMENTS

Formation of the UniCredito Group

The Group was formed as a result of the October 1998 merger between the Credito Italiano national banking group and the UniCredito regional banking group. Pursuant to this transaction, these two leading Italian banking groups combined their product strengths and complementary geographic coverage in order to compete more effectively in the Italian and European banking and financial services markets.

Credito Italiano S.p.A., founded in 1870 under the name Banca di Genova, grew to become one of Italy's largest banking institutions with a strong geographic presence throughout Italy as well as numerous branches abroad. In 1993, the Republic of Italy sold its controlling stake in Credito Italiano, making it the first Italian bank to be privatised. In February 1995, Credito Italiano acquired a majority interest in Credito Romagnolo, which subsequently merged with Carimonte Banca to form Rolo Banca 1473 S.p.A. (**Rolo Banca**).

The UniCredito regional banking group was formed by a three-way merger in 1997 among Banca Cassa di Risparmio di Torino S.p.A. (**Banca CRT**), Cassa di Risparmio di Verona Vicenza Belluno e Ancona Banca S.p.A. (**Cariverona Banca**), which were at the time the second and third largest Italian savings banks, respectively, and Cassamarca-Cassa di Risparmio della Marca Trivigiana S.p.A. (**Cassamarca**).

Since its formation, the Group has continued to expand in Italy, recently with the merger by incorporation with Capitalia and launched its operations in Eastern Europe through both acquisitions and organic growth. From 2005, the Group substantially expanded its international operations, chiefly in Central and Eastern Europe, through the business combination with HVB. Set forth below is a summary of the principal steps the Group has taken in its expansion process:

Italy

- In November 1999, the Group acquired a 96.81% interest in Cassa di Risparmio di Trento e Rovereto S.p.A. (**Caritro**), in order to strengthen the Group's presence in the Italian region of Trentino-Alto Adige.

- In February 2000, the Group acquired a 36.4% interest in Cassa di Risparmio di Trieste S.p.A. (**CR Trieste**), and subsequently increased this stake to 79.35% by year end.

- In June 2000, the Group acquired a controlling interest in Banca dell'Umbria S.p.A. (**Banca dell'Umbria**) and Cassa di Risparmio di Carpi S.p.A. (**CR Carpi**), regional banks based in central Italy with strong ties to their respective home regions. CR Carpi and Banca dell'Umbria were merged into UniCredito as of 1 July, 2005.

- In December 2002, the Group acquired, by means of a tender offer, a majority shareholding in ONBanca S.p.A (**ONBanca**), the multi-channel bank created by Banca Popolare Commercio e Industria in 1998. Subsequently, ONBanca was merged into UniCredito effective 31 December, 2002 and its network of financial consultants was contributed to the private banking/asset management division of UniCredit Xelion Banca.

- In July 2003, the Group agreed to acquire from Gruppo ING Groep N.V. the entire share capital of ING Sviluppo Finanziaria S.p.A. (**ING Sviluppo**), a holding company controlling a group of entities engaged in asset management and distribution of financial and savings products through financial advisers, as well as the retail and private banking assets of ING Bank N.V. (the Italian branch of ING Bank). Following the acquisition, ING Sviluppo was reorganised and its network of financial consultants was transferred to UniCredit Xelion Banca S.p.A. ING Sviluppo was merged into UniCredito as of 1 May, 2005.

- As of 31 December, 2003, the Group acquired, through UniCredit Banca per la Casa S.p.A., the mortgage business of Abbey National Bank Italy, the Italian branch of Abbey National Plc.

Central and Eastern Europe

- In August 1999, the Group acquired a 50.09% stake in Bank Polska Kasa Opieki (**Bank Pekao**). The Group has subsequently increased its stake in Bank Pekao to 52.93%. Other significant shareholders of Bank Pekao include the European Bank for Reconstruction and Development, the Allianz Group and the Polish Ministry of the Treasury, with approximately 37% of Bank Pekao's share capital being held by the market.

- In October 2000, the Group acquired 51.23% of the capital stock of Pol'nobanka, the sixth largest Slovakian bank by total assets. The Group has subsequently increased its stake in Pol'nobanka to 77.21%. On 1 April, 2002, Pol'nobanka changed its name to UniBanka.

- In October 2000, the Group acquired a 93% interest in Bulbank. The Group has subsequently reduced its stake in Bulbank to 85.2%. Following further acquisitions from a minority shareholder, the Group currently owns 86.13% of Bulbank.

- In November 2000, the Group acquired a 9.96% stake in Zagrebacka Banka (**Zagrebacka**). In January 2002, the Group and its consortium partner Allianz launched a public tender offer to acquire control of Zagrebacka. Approximately 60.06% of the shares of Zagrebacka were tendered pursuant to this tender offer, which increased the consortium's aggregate stake in Zagrebacka to 80.02%. Following a mandatory residual offer that was launched in March 2002 and completed in May 2002, the Group increased its ownership of Zagrebacka's voting share capital to 82.47%. The Group has subsequently reduced its holding to 81.91%. At 30 June, 2007, Zagrebacka had total assets of €11,899 million, operated a network of approximately 188 location and branch offices and had approximately 5,590 employees (full time equivalent).

- In June 2002, the Group acquired 82.5% of the share capital of Demirbank Romania S.A. (subsequently renamed UniCredit Romania S.A.) and 81.88% of the share capital of Demir Romlease S.A., an affiliate of UniCredit Romania, from DemirBank. In December 2002, the Group acquired an additional 17.34% equity interest in UniCredit Romania from three investment funds. In October 2002, the Group entered into a 50/50 joint venture with the Koç Group in Koç Finansal Hitzmetler A.S. (**KFS**), a leading financial services institution in Turkey providing banking, brokerage, asset management, leasing, factoring and international banking services. Since the Group does not have exclusive control of this entity, KFS does not form part of the Group for Italian bank regulatory purpose. On 29 September, 2005, KFS acquired 57.4% of the share capital of Yapi ve Kredi Bankasi A.S. (**Yapi Kredi**), the sixth largest Turkish bank in terms of book assets, whose operations include all areas of banking and financial services. Following finalisation of the transaction and approval from the Turkish Capital Markets Board, KFS launched a public offer for the remaining shares of Yapi Kredi, following which its stake in Yapi Kredi was increased by 0.005%. Koç bank has subsequently increased its stake in Yapi Kredi to 67.3%. Effective 2 October, 2006, Koç bank was merged into Yapi Kredi and KFS owns 80.27% of Yapi Kredi.

- In February 2003, the Group acquired 85.16% of the share capital of Zivnostenska Banka a.s. (**ZB**), among the largest commercial banks in the Czech Republic in terms of total assets, from Bankgesellschaft Berlin AG. The Group has subsequently increased its stake in ZB to 96.63%.

- In July 2004, through Locat S.p.A. (**Locat**), the Group created a joint venture, ZAO Locat Leasing Russia, owned by Locat S.p.A. (51%), Simest S.p.A. (25%), by Finest S.p.A. (8%) and by OAO Rosno (16%), a Russian insurance company. In October 2005, the Group increased its stake in ZAO Locat Leasing Russia by acquiring an additional 11% of the company's share capital from OAO Rosno.

- The Group acquired a 26.4% stake in International Moscow Bank (**IMB**) from Nordea Bank Finland plc in June 2006, which was increased to 90.03% in December 2006 through the purchase of additional shares from VTB Bank France (a subsidiary of Vneshtorgbank). Subsequently, in July 2007, the Group acquired the remaining shares in IMB from the European Bank for Reconstruction and Development (**EBRD**), thereby becoming the sole shareholder of IMB. IMB, a universal bank offering a comprehensive product and service range to approximately 20,000 individual, SME and corporate clients through its 55 outlets in 20 out of 88 Regions of the Russian Federation, is now a wholly owned subsidiary of BA-CA. IMB is one of the top ten Russian banks by total assets. To further strengthen the bank's position in the market and to support its growth ambitions BA-CA subscribed a capital increase of USD300 million that was registered in the third quarter of 2007.

- On 30 June, 2006, BA-CA (as defined below) completed the sale of its 99.74% stake in Splitska Banka to Société Générale for an aggregate consideration of €1 billion. Splitska Banka was sold in order to comply with the demands made by the Croatian regulatory authority in relation to the business combination between UniCredito and HVB, in view of the fact that Zagrebacka is a market leader in Croatia.

- On 5 July, 2007, BA-CA signed an agreement to acquire from a group of investors represented by the Interpipe Group a majority interest of about 95% of the share capital of JSCB Ukrsotsbank, a Ukrainian bank, for approximately €100 million.

- Following authorisation by the Italian Antitrust Authority, on 31 August, 2007, Locat finalised the sale of its 50% stake in LocatRent S.p.A. to ALD Automotive (Société Générale Group). The transaction is consistent with the strategy of efficiently managing the Group's strategic portfolio.

- The Group is currently in the process of consolidating its operations in countries where, as a result of the HVB Business Combination, it has more than one bank. During the first half of 2007, HVB Bank Slovakia was merged into UniBanka to form UniCredit Banka Slovakia A.S. HVB Bank Biochim A.D. and Bank Hebros A.D. were merged into Bulbank to form UniCredit Bulbank A.D. and UniCredit Romania S.A. merged into Banca Comerciala HVB Tiriac S.A. to form UniCredit Tiriac Bank S.A. The Group expects to complete similar transactions with regard to its banks in the Czech Republic and Bosnia-Herzegovina during the second half of 2007 and in the first quarter of 2008, respectively.

- As part of the further expansion of the Group in the CEE region, at the end of June 2007, BA-CA signed an agreement to acquire a majority stake in ATF Bank, the third-largest bank in the Republic of Kazakhstan by total assets at 31 December, 2006 (€6.3 billion). ATF Bank is also fourth in its market

by customer deposits (€2.2 billion) and fifth by total loans to customers (€3.2 billion). ATF Bank is a universal bank and operates through a network of 110 branches. It also owns subsidiaries in Tajikistan, Kyrgyzstan and the Russian Federation.

- In addition, at the beginning of July 2007, BA-CA signed an agreement to acquire a majority shareholding in Ukrsotsbank (**USB**) in Ukraine. As of 31 December, 2006, USB was the sixth-largest bank in the country by net customer loans (€1.9 billion), and fourth by customer deposits (€1.6 billion). At the same date, USB had total assets of approximately €2.6 billion, and a network of 497 branches (the seventh-largest network in Ukraine), with 58% of the branches located in the wealthiest areas of the country, and 788 ATMs. USB serves more than 1.35 million retail customers and 130,000 corporate and SME customers, with a leading position in mortgages and in retail finance (sixth-largest issuer of bank cards) as well as in factoring (approximately 30% market share).

- Completion of the ATF Bank and USB transactions, which are subject to the satisfaction of a number of conditions, including, *inter alia*, receipt of all necessary regulatory authorisations and consents, is expected before the end of 2007.

United States

In October 2000, the Group acquired the Global Investment Management division of the U.S.-based Pioneer Group (**Pioneer**). Following this acquisition, the Group consolidated its asset management businesses under a newly formed holding company named Pioneer Global Asset Management S.p.A. (**PGAM**). In November 2002, PGAM acquired 100% of Momentum Asset Management and its worldwide subsidiaries.

On 13 December, 2004, Pioneer Investments Management USA Inc. (**PIM USA**) acquired from Safeco Asset Management, an affiliate of Safeco Life Insurance Company, the management of 22 mutual funds comprising total assets of $3.6 billion.

In January 2005, Pioneer Investment Management USA Inc. acquired a 49% shareholding in Oak Ridge Investments LLC, which is mainly active in the separate managed accounts business.

In December 2005, through PIM USA, the Group acquired a 100% interest in Vanderbilt Capital Advisors LLC, an asset management company incorporated under the laws of the state of Delaware.

On 5 October, 2007, Pioneer Investments signed a joint venture agreement with Bank of Baroda in India, in a major strategic move to extend its presence in one of the world's fastest growing mutual fund markets.

THE BUSINESS COMBINATION WITH THE HVB GROUP

On 12 June, 2005 the Group entered into a business combination agreement with HVB (the **Business Combination Agreement**) setting forth the basic agreements and understandings relating to the combination of the Group and HVB Group (the **Business Combination**), the transaction structure and the future organisational and corporate governance structure of the combined group resulting from the Business Combination (also the **New Group**). At the time of the Business Combination Agreement, HVB owned, among others, a 77.5% stake in Bank Austria Creditanstalt A.G. (**BA-CA**), and, indirectly through BA-CA, a 71.2% stake in Bank BPH S.A., a Polish listed bank (**BPH**). Therefore, the Business Combination Agreement provided for the terms and conditions of three public tender offers in Germany, Austria and Poland for all outstanding shares of (i) HVB (the **HVB Offer**), (ii) BA-CA (the **BA-CA Offer**), and (iii) BPH (the **BPH Offer** and together with the HVB Offer and the BA-CA Offer, the **Tender Offers**). The Business Combination was approved by the Bank of Italy and Bundesanstalt für Finanzdienstleistungsaufsicht (**BaFin**) on 21 July, 2005. On 29 July, 2005, the UniCredito shareholders' meeting approved a capital increase of up to €2,343,642,931.00 by means of the issuance of up to 4,687,285,862 ordinary shares of UniCredito against delivery of HVB, BA-CA, and BPH shares in the Tender Offers.

HVB OFFER

On 26 August, 2005, UniCredito published the offer document for the purchase of all of the common shares (the **HVB Common Shares**) and for all of the preferred shares of HVB (the **HVB Preferred Shares**). UniCredito offered five new ordinary shares of UniCredito in exchange for each HVB Common Share and HVB Preferred Share. On 1 September, 2005, the Management Board and the Supervisory Board of HVB published their opinions (*Stellungnahmen*).

Upon expiry of all applicable acceptance periods for the offer on 11 November, 2005, 690,555,346 HVB Common Shares and 14,553,600 HVB Preferred Shares, representing approximately 93.93% of the registered share capital and of the voting rights of HVB, had been tendered in the HVB Offer and were exchanged for 3,525,544,730 newly issued UniCredito ordinary shares. UniCredito's ordinary shares were admitted to listing on the Frankfurt Stock Exchange on 21 November, 2005, with trading commencing on 23 November, 2005.

In January 2007, UniCredito initiated procedures to effect the squeeze-out of minority shareholders of HVB. At that time UniCredito held approximately 95.45% of the share capital of HVB after having acquired an additional 1.23% on the market.

The squeeze-out transaction of HVB was approved by its shareholder meeting on 27 June, 2007. Subsequently, certain shareholders of HVB challenged this transaction, alleging that the squeeze-out price was not fair and seeking damages. See "Business – Litigation".

BA-CA Offer

Also on 26 August, 2005, UniCredito published the offer document for the purchase of all no-par-value bearer shares and all registered shares of BA-CA that HVB did not then hold (the **BA-CA Shares**). UniCredito offered 19.92 newly issued UniCredito ordinary shares or, alternatively, €79.60 in cash for each BA-CA share. Upon expiry of all applicable acceptance periods for the offer on 18 November, 2005, 25,657,724 BA-CA Shares had been tendered, representing approximately 17.45% of the share capital and voting rights of BA-CA. Of these, 25,598,893 were tendered in the share-for-share exchange offer and 58,831 were tendered in the cash offer. Such shares, when added to HVB's 77.53% shareholding in BA-CA, represented approximately 94.98% of the aggregate share capital of BA-CA. On 30 November, 2005 the Board of Directors approved the issuance of 509,929,948 new UniCredito ordinary shares to be paid as consideration in the share-for-share exchange portion of the BA-CA Offer.

On 4 August, 2006, the board of directors of UniCredito and the supervisory board of BA-CA approved:

(i) the transfer to UniCredito of BA-CA's 71.03% stake in BPH; and

(ii) the contribution by UniCredito to BA-CA of its New Europe banks, excluding Bank Pekao, which includes UniCredito's holdings in Koc° Finansal Hizmetler (50.00%), Zagrebka (81.91%), of Bulbank (86.13%), Zivnostenskà (100.00%), UniBanka a.s. (97.11%) and UniCredit Romania (99.95%).

The transfer to UniCredito of the 71.03% stake BA-CA held in BPH took place on 3 November 2006 and it has been made against a total consideration of €4.3 billion to be paid in four instalments, while the New Europe banks will be contributed to BA-CA in exchange for 55,000,000 newly issued BA-CA shares. Following completion of the contribution in kind, UniCredito's direct and indirect stake in BA-CA is expected to increase from 94.98% to 96.35%. In subsequent steps of the same project, HVB will transfer to UniCredito its 77.53% stake in BA-CA for a total consideration of €12.5 billion and its 100% participation in HVB Ukraine for a total consideration of €83 million. In January 2007, UniCredito initiated procedures to effect the squeeze-out of minority shareholders of BA-CA. At that time UniCredito held approximately 96.35% of the share capital of BA-CA.

The squeeze-out transaction of BA-CA was approved by its shareholder meeting on 3 May, 2007. Subsequently, certain shareholders of BA-CA challenged this transaction, alleging that the squeeze-out price was not fair and seeking damages. See "Business – Litigation".

BPH Offer

On 29 July, 2005, UniCredito filed a request with the Polish Banking Supervisory Commission (**BSC**) for authorisation to acquire indirect control of BPH and to exercise voting rights at BPH's shareholders' meeting for over 75% of BPH's share capital. Following (i) the introduction of new Polish tender offer legislation in October 2005 and (ii) the acquisition of control of HVB on 17 November, 2005, UniCredito became subject to the obligation to launch a mandatory public tender offer for all outstanding BPH shares on or before 17 February, 2006.

On 20 January, 2006, UniCredito communicated to the Polish Securities and Exchange Commission, the Warsaw Stock Exchange and the Polish Press Agency its mandatory public tender offer for the 8,318,645 shares (representing 28.97% of the share capital) of BPH that UniCredito did not already indirectly own.

The price offered for each Bank BPH share was Polish Zloty 702.11 in cash, which was determined in compliance with the minimum price requirements provided by applicable Polish law. The acceptance period of the BPH Offer expired on 1 March, 2006. Upon expiry of the acceptance period, no BPH shares had been tendered in the offer.

On 5 April, 2006, the BSC authorised UniCredito to exercise its voting rights in BPH (through BA-CA).

On 19 April, 2006, UniCredito entered into an agreement with the Polish Treasury Minister (**MST**) pursuant to which UniCredito agreed to (i) sell 200 existing branches of Bank Pekao and BPH together with the support services and infrastructure necessary for carrying out their business, (ii) not implement any staff reductions in the Bank Pekao and BPH banks by lay-offs prior to 31 March, 2008 and (iii) grant the MST the right to appoint two members to the BPH supervisory board.

THE BUSINESS COMBINATION WITH THE CAPITALIA GROUP

On 20 May, 2007 UniCredito's board of directors and the board of directors of Capitalia S.p.A. (**Capitalia**) approved the merger of Capitalia into UniCredito, which was subsequently approved by the shareholders' meetings of both UniCredito and Capitalia on 30 July, 2007 (the **Merger**).

The Merger was effected by way of incorporation of Capitalia into UniCredito and each Capitalia ordinary share was exchanged for 1.12 ordinary shares of UniCredito. As a consequence of the Merger, Capitalia ceased to exist and all of its assets, rights and obligations have been transferred to UniCredito.

The Merger was authorised by the Bank of Italy on 26 June, 2007. It also received the authorisation of the Italian Antitrust Authority on 19 September, 2007, conditioned upon the fulfillment of certain remedies proposed by UniCredito during the investigation carried out by the regulator. Such measures have been considered to be appropriate in order to avoid any anticompetitive effects deriving from the Merger and include:

- the sale by UniCredito of a number of branches comprised between a minimum of 155 and a maximum of 180 (selected according to the level of average deposits per branch in the relevant province) in 16 Italian provinces to one or more third parties who are not shareholders in the new bank;
- a significant reduction of commissions for ATM cash withdrawals at other banks' outlets, cancellation of commissions for ATM withdrawals at the approximately 8,000 branches of competing banks located in approximately 4,000 municipalities in Italy where the Group will not have ATMs and cancellation of commissions for ATM withdrawals made by clients of the new bank abroad at the ATMs of banks belonging to the Group;
- the sale by UniCredito of its entire shareholdings in Assicurazioni Generali S.p.A. (representing 4.5% of its share capital, including 0.051% of shares held in pledge) and a commitment (i) not to create, or to participate in, future shareholder agreements relating to Assicurazioni Generali Group's shares; (ii) not to enter into partnerships or production and/or distribution agreements with Assicurazioni Generali S.p.A. or any other company in the Generali Group and not to hold, directly or indirectly, shareholdings in Assicurazioni Generali S.p.A. or any other company in the Assicurazioni Generali Group, as long as UniCredito is a shareholder of Mediobanca S.p.A.;
- the prohibition of the members of UniCredito's Board of Directors, who hold an office in the corporate bodies of Mediobanca S.p.A. and/or Assicurazioni Generali S.p.A., from participating in the discussion and adoption of resolutions concerning the Italian investment banking and insurance markets;
- the adoption by UniCredito of organisational measures aimed at not disclosing confidential information concerning the above investment banking and insurance markets to such members of UniCredito's Board of Directors;
- a reduction of the equity stake held by UniCredito in Mediobanca S.p.A. by means of the sale of an interest representing 9.4% of its share capital;
- the prohibition on UniCredito to increase, directly or indirectly, the 8.68% stake in Mediobanca S.p.A. that it will hold after completion of the sale described above.

UniCredito and Capitalia executed the merger deed on 25 September, 2007, which became effective as of 1 October, 2007.

Capital Increases Instrumental to the Merger

Further to the Merger and on the basis of the exchange rate, UniCredito authorised the issuance of up to 2,947,094,176 new ordinary shares with a par value of €0.50 each, which were issued in exchange for the outstanding Capitalia ordinary shares as of the effective date of the Merger, pursuant to the Merger exchange rate.

The shareholders' meeting of UniCredito also approved four capital increases for an overall maximum nominal amount of €17,731,028 through the issuance of up to 35,462,056 ordinary shares to serve the subscription rights to be assigned in exchange of the warrants issued by Capitalia pursuant to the incentive plans already approved and exercisable.

The issue of UniCredito's ordinary shares for the purposes of the exchange rate resulting from the Merger would lead to a dilution of the participations of UniCredito's current shareholders of approximately 22%.

Dissenters' rights in connection with the Merger

Under Italian law, holders of shares absent, abstaining or voting against the Merger in the Capitalia extraordinary shareholders' meeting were entitled to exercise dissenters' rights and request liquidation of their Capitalia shares pursuant to Articles 2437 et seq. of the Italian Civil Code. This is due to the fact that UniCredito's by-laws set a limitation on voting rights at 5% of its voting capital, to which the Capitalia shareholders would have become subject by effect of the Merger. Pursuant to Article 2437-*ter* of the Italian Civil Code, such liquidation value is calculated solely on the basis of the simple average of the closing price for the Capitalia shares on the stock exchange for the six-month period preceding the date on which the extraordinary shareholders' meeting convened to approve the Merger was called, and was determined to be €7.015 for each Capitalia share.

Shareholders of Capitalia exercised dissenters' rights in connection with the Merger with respect to 82,702,150 Capitalia shares, representing approximately 3.2% of the total share capital of Capitalia at the time of the Merger. Pursuant to the liquidation procedure provided for in Article 2437-*ter* of the Italian Civil Code, such Capitalia shares were offered for purchase, at their liquidation value indicated above, *pro-rata* to the other holders of former Capitalia shares, who had not exercised their dissenters' rights. Upon expiration of the offer period on 3 October, 2007, 7,851,704 shares were allocated to other former shareholders of Capitalia and exchanged into 8,793,908 UniCredito ordinary shares effective 15 October, 2007. The remaining 74,851,696 Capitalia shares, equal to 83,833,899 UniCredito ordinary shares on the basis of the 1.12 Merger exchange ratio, will be liquidated by means of an offer on the market and, subsequently, through mandatory purchase by UniCredito using distributable reserves, pursuant to Art 2437-*quater*, paragraphs 4 and 5, of the Italian Civil Code.

Transaction Rationale

Management believes that merging with Capitalia will allow the Group to grow further by means of consolidation in its core markets – Italy, Germany, Austria, and Central-Eastern Europe – in order to strengthen its position in markets where it already operates and benefit from economies of scale in both production and distribution. Management also expects the Merger to make it possible to achieve further growth options both in the Italian and in other European markets, thanks to the greater scale of the product factories and to the Group's larger size.

In the Italian market, the Merger is first of all expected to make it possible for the Group to strengthen its distribution network and increase its market share in certain Italian regions that are attractive in terms of profitability but where it is currently under-represented (including Lombardia, Lazio, Sicily and Apulia), thereby enabling it to establish a more balanced coverage of the Italian market. Following the Merger, the Group's branches will be almost equally distributed between the North West, the North East, the Center, the South and the islands of Italy, thereby rebalancing its representation in all areas, previously more concentrated in Northeastern Italy. Management also expects the Merger to result in the strengthening of the Group's position in certain specialised businesses, including leasing, factoring and bancassurance. UniCredito will also significantly increase its network of financial promoters, from approximately 1,900 to more than 3,000, and significantly expand its online banking business, following the integration of FinecoBank S.p.A.

Management believes that the Merger will generate economies of scale also in the production businesses, by allowing the Group to benefit from an increase in assets under management as well as in the scope and depth of its large corporate and investment banking businesses. Furthermore, the specialist skills developed by Capitalia in certain business segments, such as structured finance and subsidised loans, will enrich the Group's know-how and may be put to wider use on a European scale.

In the international market, the increased scale of the Group's business will increase the possibility of generating economies of scale and allow it to position itself as an aggregation centre in the global markets. UniCredito will however maintain its distinctly European character, as management expects more than 50% of the Group's post-merger revenues to continue to originate from outside of Italy.

Management estimates that UniCredito will become the third largest European bank in terms of market capitalisation and the largest in the Euro zone. This will allow negotiating possible further international combinations, granting the Group a position of greater strength and at the same time ensuring greater financial solidity. The Merger will also enable the Group to increase the proportion of its revenues deriving from the retail business, consequently giving greater stability to its profitability.

Organisational Model of the Group resulting from the Merger

Following the Merger, the Group's organisational model continues to be based on business lines focused on customer segments and common product factories.

Immediately prior to the Merger, Capitalia operated through the following five business segments (see "Segment Reporting – Capitalia Business"):

- Retail
- Corporate
- Wholesale and Investment Banking
- Financial Services
- Corporate Centre

Also, similar to the Group, Capitalia's business organisational structure separated the distribution network from product factories. Management believes that the great similarities between the organisational structure of the two Groups will enable an easier, smoother and faster integration of Capitalia into the Group, despite certain differences due to the smaller scale of certain business lines of the Capitalia Group and to its almost exclusive concentration on the Italian market.

In particular, in connection with the retail business line in the Italian market, management foresees the adoption of a regional distribution structure and the creation of three retail banks in Italy, leveraging on the position of UniCredit Banca – the Italian retail bank of the current Group in Northern Italy, of Banca di Roma S.p.A. (**Banca di Roma**) in Central and Southern Italy and of Banco di Sicilia S.p.A. (**Banco di Sicilia**) in Sicily. Banco di Sicilia will however maintain its three historic branches in Milan, Rome and Turin, and management expects to add the UniCredit name to those of each of these banks. From an operational viewpoint, the reorganisation will involve the transfer of certain businesses related to private banking and corporate client segments currently carried on by Capitalia's commercial banks to UniCredit Private Banking and UniCredit Banca d'Impresa, the consolidation of Bipop Carire S.p.A. (**Bipop Carire**) into UniCredit Banca and the transfer of UniCredito's branches located in Central-Southern Italy and Sicily to Banca di Roma and Banco di Sicilia, respectively.

With reference to the Markets & Investment Banking business line, Mediocredito Centrale S.p.A. (**MCC**) will become the Group's house bank for public sector entities in Italy, in order to take advantage of the specific expertise developed there.

Product development will be carried out by global product factories, with the complete integration of Capitalia's and UniCredito's current product factories:

- Consumer credit, credit cards and mortgage business, currently managed by FinecoBank for Capitalia, will be transferred to UniCredito's specialised factories, UniCredit Clarima Banca (consumer credit and credit cards) and UniCredit Banca per la Casa (mortgages), respectively;

- Activities related to trading on-line will continue to be managed by FinecoBank, currently a leader in the Italian market in this business;

- MCC's and Capitalia's leasing, factoring and investment banking activities will be transferred to UniCredito's specialised companies (Locat, UniCredit Factoring and HVB, respectively).

With reference to the Private Banking and Asset Management business line, FinecoBank S.p.A. (**FinecoBank**) will become the Group's reference company for asset gathering. With regard to asset management, however, in order to benefit from Pioneer's scale and brand recognition at a global level, and to achieve cost savings in overlapping areas, shareholdings in Capitalia Asset Management and Capitalia Investimenti Alternativi will be transferred to Pioneer Global Asset Management, UniCredit's sub-holding company for this segment.

Information technology and operations activities, including activities currently managed by Capitalia Informatica, will be integrated into UniCredit Global Information Services and UniCredit Produzioni Accentrate. The Global Banking Services business line will maintain responsibility for improving the cost structure and the internal processes of the Group, providing services to the other business lines in the area of information technology services, organisation, operations, traditional services, procurement and real estate management.

Governance of the Group

Following the Merger, UniCredito, as the Group's parent company, maintains responsibility for managing and coordinating the new Group.

UniCredito maintains a traditional governance system, i.e. a board of directors with management functions and a board of statutory auditors (*collegio sindacale*) with internal control functions. Simultaneously with the approval of the Merger, the boards of directors of UniCredito and Capitalia have approved a "Supplementary Agreement" providing, *inter alia*, the governance structure of UniCredito. Pursuant to such agreement, three directors of Capitalia were appointed to the board of directors of UniCredito, together with Mr. Libonati, who took the place (as deputy chairman of the Group's board of directors) of Mr. Geronzi, formerly the Chairman of the board of directors of Capitalia. It is also provided that 40% of the directors of Banca di Roma, Banco di Sicilia, Fineco and MCC will be selected, alternatively, either among the current directors of such companies or among primary representatives of the local business community for the first mandate after the Merger.

The registered offices of the new Combined Group were moved to Rome.

The Capitalia Group

Information contained in this Prospectus that concerns Capitalia, or the results of the integration of Capitalia into the Group, is based on publicly available information (including filings made by Capitalia with Consob). Prior to acquisition of control of Capitalia on 1 October, 2007, UniCredito had only very limited, or no, access to its business or operations and the Group is only in the early stages of preparing for the integration of Capitalia into the Group. As a result, UniCredito has not verified and cannot take responsibility for any such information, which may be inaccurate or incomplete, including as a result of Capitalia's failure to make disclosure that would correct such inaccuracies or remedy such incompleteness.

Capitalia is the parent and holding company of the Capitalia Group, which at 30 June, 2007 was Italy's fourth largest banking group with €9.7 billion in shareholders' equity. As a result of the merger with UniCredito, effective 1 October, 2007, Capitalia was merged with and into UniCredito and ceased to exist, and all of its assets, rights and obligations were transferred to UniCredito.

At 30 June, 2007 and for the six-month period then ended, the Capitalia Group reported direct deposits and securities in issue of €103 billion, total loans to customers of €104 billion, assets under management of about €28.5 billion, total revenues of €2.5 billion and net profit of €531 million. At 30 June, 2007, it had more than 2,000 branches in Italy and was present in 26 foreign countries with branches and representative offices. At the same date, the Capitalia Group served approximately 5 million customers and had approximately 29,000 employees.

The Capitalia Group provides the full range of traditional banking products and services through its three main "Commercial Banks": Banca di Roma, Banco di Sicilia and Bipop Carire, to retail, private, corporate and institutional customers. The Capitalia Group also offers, through MCC, sophisticated lending and other products and services tailored to the needs of corporate customers, including project finance, leasing and factoring, industrial long-term loans, development loans and export finance, either directly or through the Capitalia Group's commercial banks, and through FinecoBank, one of Europe's largest on-line banks, provides online banking and brokerage services, mortgage and personal finance, as well as credit card processing. MCC and FinecoBank are part of the business line called "Specialist Banks and Product Factories." Capitalia also owned Capitalia Informatica, Capitalia Services JV and Capitalia Solutions S.p.A., which comprise its "Providers of Shares Services" business line, providing together with other companies part of the Capitalia Group, several specialist services for the entire Capitalia Group. These lines were integrated into the Group's divisions and corporate functions structure as part of the reorganisation process commenced after the Merger was completed.

Capitalia controlled 100% of its two sub-holdings, Capitalia Partecipazioni S.p.A. and Capitalia Merchant S.p.A., responsible for the management of the strategic and non-strategic participations, respectively. In addition, Capitalia held direct participations in the insurance companies CNP Capitalia Vita S.p.A. (**CNP Capitalia Vita**, 16.9% directly owned by Capitalia, and 38.8% by the Capitalia Group as a whole) and Capitalia Assicurazioni S.p.A. (**Capitalia Assicurazioni**, formerly Fineco Assicurazioni S.p.A., now 49% owned by the Capitalia Group, following the transfer of 51% of its share capital to Fondiaria-SAI in 2006).

On 20 May, 2007 the board of Directors of Capitalia approved the merger of Capitalia into UniCredito Italiano S.p.A., a process that was completed on 1 October, 2007.

Capitalia S.p.A.

Capitalia S.p.A., formerly the parent and holding company of the Capitalia Group, was in charge of, *inter alia*, strategic and governance guidelines, credit and risk policies, finance and monitoring of commercial activities for the entire Capitalia Group.

Capitalia was responsible for managing the business lines through which the Capitalia Group operates: Commercial Banks, Specialist Banks and Product Factories, Corporate, Credit Policy, Finance & Markets. It also controlled the following operational units: systems and organisation, tax and financial reporting, human resources, operations, legal and corporate affairs. The organisation of Capitalia also comprised seven staff areas, reporting directly to its board of directors, including internal audit, risk measurement and control and investor relations.

Capitalia was also responsible for coordination and support of the subsidiaries of its sub-holding Fineco, previously provided by Fineco and coordinated and monitored the activities carried out by the companies that provided services for the entire Capitalia Group, i.e., Capitalia Informatica, Capitalia Service JV and Capitalia Solutions.

Pending the reorganisation of the combined group following the Merger into UniCredito, these functions have been transferred to UniCredito.

REORGANISATION INITIATIVES

Project S3

Following the Group's formation, its business was organised into three divisions, Italian Banking, Wholesale Banking and New Europe Banking, and two business departments managing ventures related to e-banking for households and private individuals. Within the Italian Banking Division, each of the Italian commercial banks Credito Italiano, Banca CRT, Cariverona Banca, Cassamarca, Caritro, CR Trieste and Rolo Banca (the **Federated Banks**) was engaged in one or more of the retail, corporate and private banking/asset management businesses and operated in mostly complementary geographic markets, with UniCredito being responsible for co-ordination, planning and control functions.

On 1 January, 2003, the Group completed a comprehensive internal reorganisation, known as Project S3 (**Project S3**), which transformed its Italian organisational structure from a federated banking model based on geographic areas to a divisional model based on client segments. Specifically, the Group consolidated and segmented the operations of the Federated Banks into three new divisions (retail, corporate, and private

banking/asset management), each division conducting business on a national level, and the Group transferred its product and service companies to the appropriate divisions. The role of UniCredito includes, among other matters, defining a Group-wide organisational structure, benchmarking and disseminating internal best practices and corporate values throughout the Group, managing Group resources and optimising the allocation of capital across all of the Group's businesses.

Project S3 was launched in December 2001 and was executed in three phases. In the first phase, which was completed in July 2002, each of the Federated Banks, except Credito Italiano, was merged with and into UniCredito. Subsequently, UniCredito contributed all of the assets and liabilities formerly owned by such Federated Banks to Credito Italiano, thus consolidating the businesses of each of the seven Federated Banks into one entity. Simultaneously, Credito Italiano changed its name to UniCredit Banca S.p.A. (**UniCredit Banca**).

In the second phase, which was completed in the second half of 2002, the activities of the Federated Banks conveyed to UniCredit Banca were reorganised to reflect three separate segment-based national structures. Specifically, this phase featured the following elements:

- identification of all "corporate" customers (medium- and large-size government and private industrial and service companies and government agencies headquartered and operating primarily in the domestic market) and "private" customers (high net worth individuals) to be transferred to the corporate and private banking/asset management divisions, respectively;
- assignment of a relationship manager to each such customer;
- reorganisation of all management levels of the corporate and private banking/asset management networks and the related loan and sales administration structures; and
- reorganisation of all management levels in the remaining retail locations and branches and the related loan and sales administration structures.

In the third and final phase of Project S3, which was completed on 1 January, 2003, UniCredit Banca:

- transferred to UniCredit Banca d'Impresa S.p.A. (**UniCredit Banca d'Impresa**), a newly formed, wholly owned subsidiary of UniCredito, all of the assets and liabilities relating to the corporate banking business formerly owned and operated by the Federated Banks; and
- transferred to UniCredit Private Banking S.p.A. (**UPB**), a newly formed, wholly owned subsidiary of UniCredito, all of the assets and liabilities relating to the private banking business formerly owned and operated by the Federated Banks.

As a result, UniCredit Banca retained the assets and liabilities relating to the retail banking business formerly owned and operated by the Federated Banks.

Following the implementation of Project S3, only those subsidiaries performing activities essential to the operation and development of each client segment were transferred to the Group companies running the relevant businesses. All other strategic and core equity investments, the Group's subsidiaries with operations ancillary to the Group's corporate and holding functions, and all equity investments previously held by the Federated Banks, became direct subsidiaries of UniCredito.

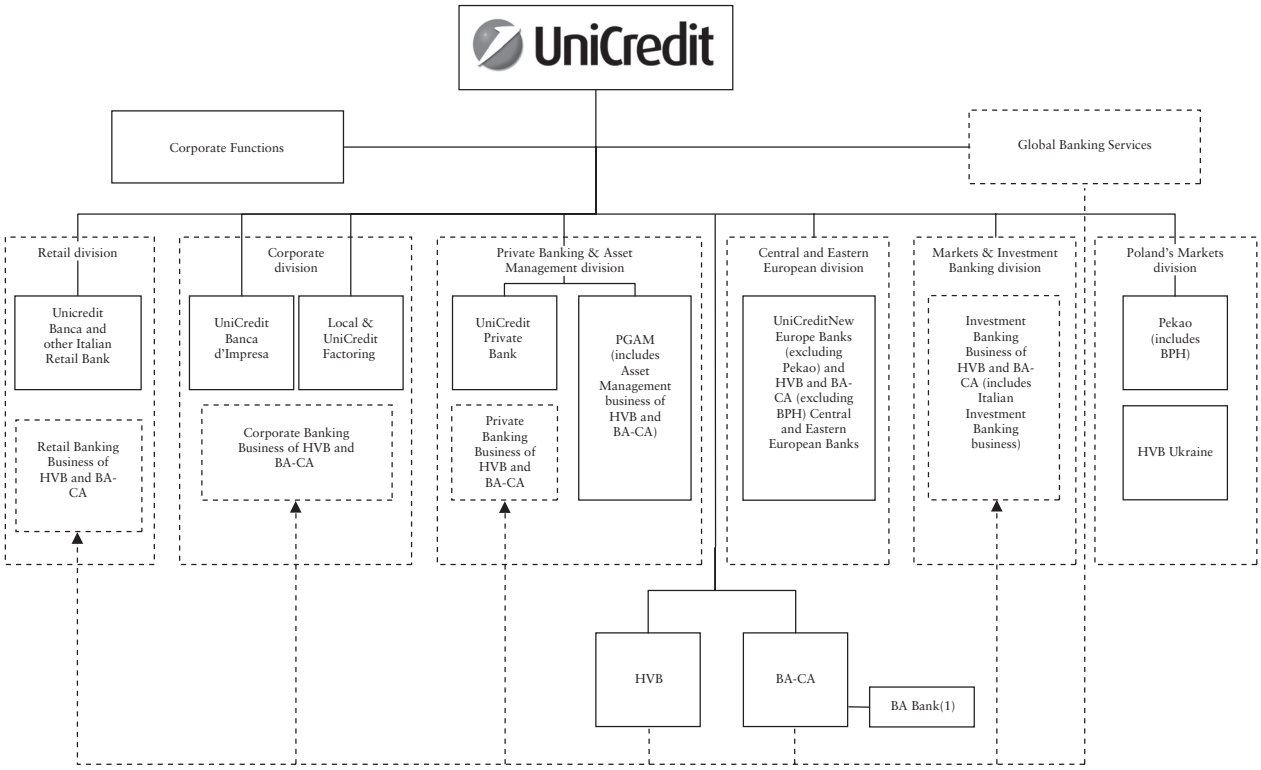
Following the corporate transactions that led to the implementation of Project S3, the Group allocated the other subsidiaries of UniCredito, such as UniCredit Banca Mobiliare S.p.A. (**UBM**) and its product and financial services companies, to the appropriate division and transferred all other strategic and core equity investments previously held by the Federated Banks to UniCredito. The three new divisions join the already existing New Europe division created in 2001 to supervise and coordinate the Group's business in Central and Eastern Europe.

Effective 1 July, 2005, and consistent with the specialisation strategy of Project S3, Banca dell'Umbria and CR Carpi were merged into UniCredito and their activities were immediately spun off to UniCredit Banca, UniCredit Real Estate, UniCredit Banca d'Impresa and UniCredit Private Banking.

THE CURRENT ORGANISATIONAL STRUCTURE

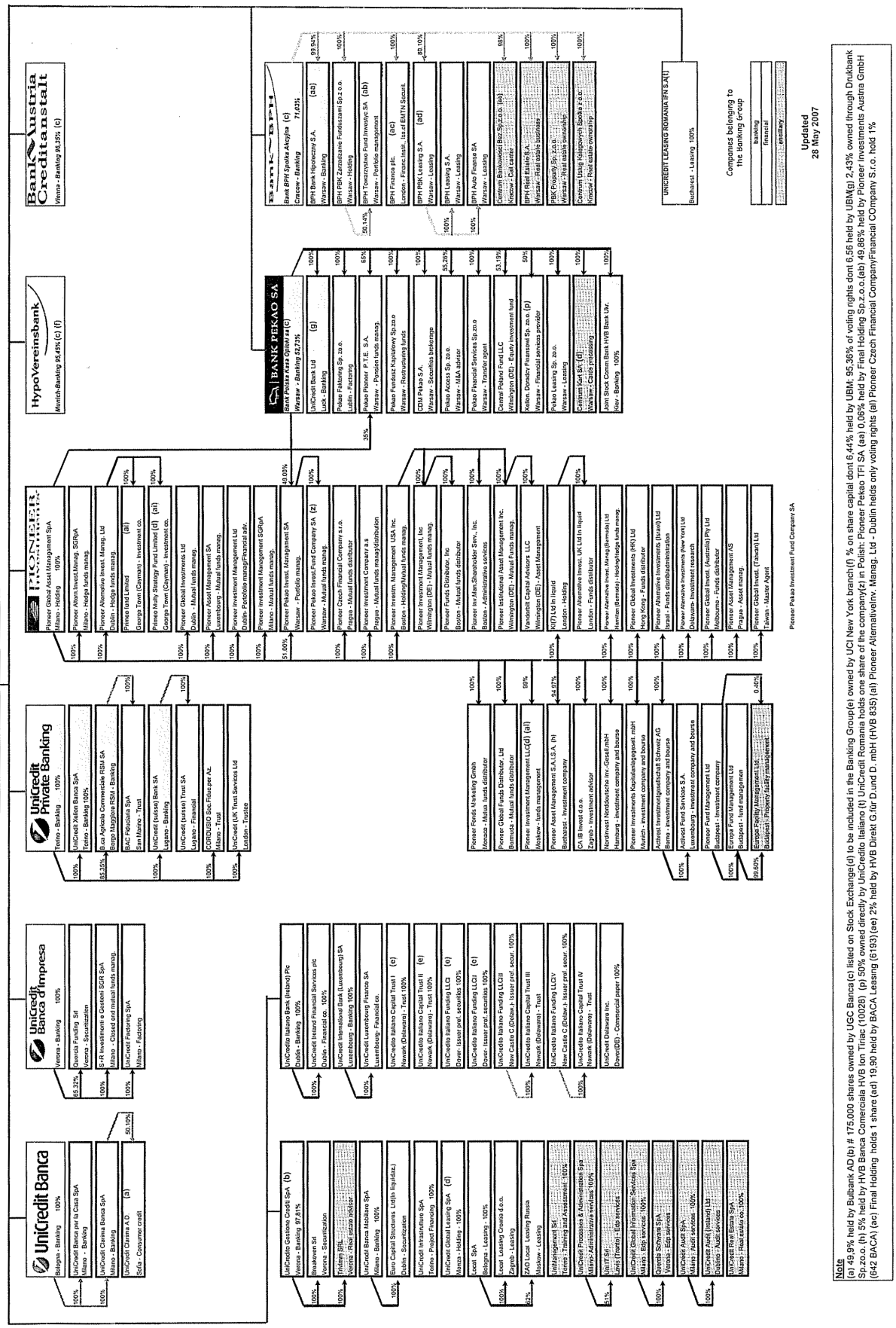
The Group currently conducts its business through seven operating divisions: Retail Banking, Corporate Banking, Markets & Investment Banking, Private Banking & Asset Management, Poland's Markets, CEE and Global Banking Services. Each of these divisions (except the CEE and Global Banking Services divisions) is organised around one or more lead banks that, through its distribution network, channels to its clients products and services engineered and packaged by the other banks and financial services companies comprising the division. The Group holding company is responsible for centralised policymaking, particularly in the areas of credit management, risk management and asset and liability management, and manages the treasury, strategic planning and control, accounting and internal auditing functions for the entire Group.

The following diagram illustrates the organisational structure of UniCredito and the main Group companies included in the scope of consolidation (each being fully consolidated unless otherwise indicated) as of 30 June, 2007.



(1) Company formed to operate all commercial banking activities in Austria

The diagram on the next page illustrates the banking companies controlled by UniCredito belonging to the Group as at 28 May, 2007.



Note
(a) 49,9% held by Bulbank AD (b) # 175.000 shares owned by UGC Banca (c) listed on Stock Exchange(d) to be included in the Banking Group(e) owned by UCI New York branch (f) % on share capital dont 6,44% held by UBM; 95,36% of voting rights dont 6,56 held by UBM(g) 2,43% owned through Drukbank Sp.zo.o. (h) 5% held by HVB Banca Comerciala HVB Ion Tiriac (10028) (p) 50% owned directly by UniCredito Italiano (t) UniCredit Romania holds one share of the company(zi in Polish: Pioneer Pekao TFI SA (aa) 0,06% held by Final Holding Sp.z.o.o.(ab) 49,86% held by Pioneer Investments Austria GmbH (642 BACA) (ac) Final Holding holds 1 share (ad) 19,90 held by HVB Direkt G.für D.und D. mbH (HVB 835) (ai) Pioneer Alternativelnv. Manag. Ltd - Dublin helds only voting rights (al) Pioneer Czech Financial COmpany/Financial COmpany S.r.o. hold 1%

BUSINESS OF UNICREDITO

The following table summarises certain key financial and operating data for the Group broken down by division, prior to eliminations, for the consolidated Group for the six months ended 30 June, 2007:

	Six Months Ended 30 June, 2007					
Division	Operating Income	% of Group's Operating Income	Operating Expenses	% of Group's Operating Expenses	Group Portion of Profit before Tax	% of Group's Profit before Tax
	(Amounts in € millions, except percentages)					
Retail Banking	4,094	31%	(2,570)	39%	1,140	20%
Corporate Banking	2,530	19%	(799)	12%	1,365	24%
Markets & Investment Banking	2,216	17%	(847)	13%	1,591	28%
Private Banking & Asset Management	1,273	10%	(648)	10%	621	11%
CEE	1,577	12%	(790)	12%	685	12%
Poland's Markets	1,172	9%	(535)	8%	626	11%
Parent company and other companies	262	2%	(404)	6%	(407)	(6)%
Total Consolidated	13,124	100%	(6,593)	100%	5,621	100%

UniCredito Italiano S.p.A.

UniCredito is the parent company of the Group following the Merger. In such role, UniCredito, pursuant to the provisions of Clause 61 of Legislative Decree No. 385 dated 1 September, 1993, issues, in undertaking its management and co-ordination activities, instructions to other members of the Group in respect of the fulfilment of requirements laid down by the Bank of Italy in the interest of the Group's stability. As such, UniCredito engages in the following main strategic functions:

- managing the Group's business expansion by developing appropriate domestic and international business strategies and overseeing acquisitions, divestitures and restructuring initiatives;
- defining objectives and targets for each division and monitoring performance against these benchmarks;
- defining the policies and standards relating to the Group's operations, particularly in the areas of credit management, human resource management, risk management, accounting and auditing;
- managing relations with financial intermediaries, the general public and investors; and
- managing selected operating activities directly or through specialised subsidiaries in order to achieve economies of scale. These activities include asset and liability management, funding and treasury activities and the Group's foreign branches. The Group operates certain centralised functions such as back office administration and information technology through UniCredit Global Information Services S.p.A. and UniCredit Produzioni Accentrate S.p.A.

In January 2003, the Italian Government approved a reform of corporate law (the **Reform**), governing limited liability companies, joint-stock companies and co-operatives. According to certain provisions of the Reform, a company which exercises activities of "direction and co-ordination" of another company is to be held liable vis-à-vis the minority shareholders and/or the creditors of the managed company if such "direction and co-ordination" is conducted improperly. In particular, according to Article 2497-*bis* of the Italian Civil Code "The company must indicate that it is subject to the management and coordination of a third party in its acts/documents and in its correspondence. [*omissis*]". According to Article 2497-*sexies* of the Italian Civil Code it is assumed that, unless contrary evidence is given, the direction and control activity is exercised by the company or the entity that (a) is required to consolidate the company, or (b) controls the company pursuant to Article 2359 of the Italian Civil Code.

Strategy

Management believes that by establishing specialised divisions, each dedicated to a different client segment and commercial mission, the Group is able to better serve its customers, with the result that customer satisfaction can serve as a driver of increased market shares. The adoption of a divisionalised organisational structure is designed to better leverage the potential and capabilities of the Group to provide high quality, innovative services to its clients, while helping it to achieve efficiency improvements through the redesign of business processes and the exchange of best practices across countries. This strategy is also intended to allow

each of the businesses to pursue a wider range of growth opportunities and enjoy increased operating flexibility to meet market demands as they develop, while containing associated costs and risks.

Management intends to create value by pursuing the following principal strategic initiatives at the Group level:

- Restore profitability in Germany while remaining ready to capitalise on opportunities for growth;
- Maintain positive momentum in Italy;
- Complete the restructuring of the Central and Eastern European operations and continue investing in CEE markets;
- Increase the return on risk weighted assets and further optimise the Group's capital allocation;
- Leverage the global product lines and services; and
- Finalise the reconfiguration of the corporate structure.

The principal strategic objectives of each of the operating divisions, including the divisions that will result from the integration process, are described below:

- The Retail Banking division's objective in Italy is to become the main banking partner for customers in the mass market, affluent and small business segments (as hereinafter defined). Leveraging on its customer relationships, the division aims to increase its revenues and market share over time while ensuring customer satisfaction. Since its inception, the Retail Banking division has sought to increase its focus on the consumer credit and mortgage lending businesses as well as to pursue greater synergies and cost reductions. Acquisition of new customers in the small business segment is expected to drive volume and market share growth in the target customers' group. Specifically, the division has established specialised banks to develop its credit card and mortgage loan businesses and will seek to expand its use of distribution channels other than the UniCredit Banca branch network, as more fully set forth below. In Germany, the division intends to enhance its effectiveness in sales both through pursuing customer satisfaction and cross-selling initiatives, while implementing a structural cost reduction with long term effects. In Austria, the division's main objective is to strengthen its mass market and small business segments.
- The Private Banking & Asset Management division intends to establish a pan-European platform offering sophisticated services to local customers. In Italy, its main objective is to increase its market share in Italy both by achieving higher penetration of existing customers and by acquiring new customers, focusing on developing tailored product offerings and providing independent advice. In particular, PGAM intends to further strengthen its position in the asset management industry by enlarging its product offering also through new partnerships with third parties, introducing hedge fund products, dynamic asset and liability management (either for institutional or retail clients), retirement products and wealth planning.
- The Corporate division's objective is to become the leading bank in the corporate and small business segments in the key markets of Germany, Austria and Italy by offering high standard added value products, tailor-made "midcap" services and products, the further diffusion of know-how on specialised products and the development of global businesses.
- The Markets & Investment Banking division intends to become a leading European specialist by taking advantage of intra-group product strength, investing in growth initiatives and building common platforms to realise cost synergies.
- The Central and Eastern Europe division intends to maximise long term value creation in Central-Eastern Europe becoming a leading bank in the retail/private and corporate area by focusing on its clients.
- The Poland's Markets division intends to maximise long term value creation in the Polish market by consolidating the Group's leading position.

Retail Banking division

The Group's Retail Banking division provides commercial banking services to Italian, German and Austrian consumer households and small businesses (defined as businesses with annual revenues of less than €3.5 million), predominantly through networks of local branches operated by the three distribution networks, UniCredit Banca, HVB and BA-CA. This division also comprises Banca per la Casa, which focuses on mortgage lending in Italy, and Clarima Banca and VISA, which focus on consumer credit activities in Italy and Austria. In addition, the results of the Retail Banking division comprise profits from personal banking activities, which include savings, investment and bancassurance products tailored for the division's target customers. The banks and other companies belonging to the Retail Banking division are coordinated, directed, supported and controlled by a centralised corporate structure at the parent company level.

Corporate Banking division

Based on the integration plan, management separated the Corporate and Investment banking division into two separate divisions, effective as of 1 January, 2006. The division's centralised corporate structure is responsible for coordinating, directing, supporting and controlling the activities of its companies, as well as those of the corporate banking business lines of the Group's Regional Banks. Through its 360 branches and offices across three countries and its almost 9,132 full-time equivalent employees, management estimates that the Group serves approximately 280,000 corporate customers.

The Corporate Banking division offers a broad variety of financial services, including lending and other traditional commercial banking services, acquisition finance and other medium- and long-term lending services (through Banca d'Impresa and the corporate divisions of HVB and BA-CA, which serve as the main relationship banks for the Group's corporate banking customers), corporate financial leasing services (through the Locat sub-group, HVB Leasing and BA-CA Leasing), project finance (through UniCredit Infrastructure S.p.A.), factoring services (through UniCredit Factoring S.p.A. (**UniCredit Factoring S.p.A.**) and, in Germany, commercial real estate financing (through HVB's specialised unit).

Markets and Investment Banking division

The Markets & Investment Banking division bundles the investment banking activities of HVB, UniCredito and BA-CA. Effective 1 April, 2007, the Group transferred to HVB the markets and investment banking business of UniCredit Banca Mobiliare (**UBM**, the Group's sole investment bank prior to the HVB Business Combination) in order to centralise its investment banking activities. Management expects to merge UBM into UniCredito before the end of 2007. The division covers all areas of financing and investment banking for the Group's corporate clients, including acquisition and structured financing, project finance, classical corporate finance and syndication of loan portfolios as well as advisory services on M&A transactions, support and structuring of capital market transactions and consultation on all related issues. Other central product areas are money market, foreign exchange and interest rate hedging transactions, transactions in all market segments with securities and derivatives and the active management of credit portfolios.

Based in Munich, at HVB's headquarters, with its approximately 3,203 employees, the division serves approximately 1,100 customers (270 corporate customers), including banks, insurance companies, central banks and other public corporations, as well as large institutional investors. The securities issued by most of the companies served in this division are listed on exchanges in Italy, Germany and other European countries.

The division is divided into four areas of competence: the Markets area includes all trading, structuring and securities distribution businesses, while the Investment Banking area combines coverage and origination-based business, as well as financing and loan syndication. The CFO heads all centralised business support functions while MIB Market and Credit Risk manages divisional credit risk underwriting, market risk and risk reporting and policies.

Private Banking & Asset Management Division

The division's business consists of the production, management and distribution of investment products and services aimed at private banking and institutional clients. The division is comprised of the Asset Management Unit, which operates through Pioneer, the Group's global investment manager, and Private Banking, which serves mid- to high-net worth clients throughout Italy, Germany and Austria. The private and other companies belonging to the Private Banking & Asset Management division and the global asset management business are coordinated, directed, supported and controlled by a centralised corporate structure at the UniCredito level.

The division operates through the following main entities:

- UniCredit Private Banking and its subsidiaries, which offer private banking services to mid-net worth (defined as families or individuals with net annual disposable income above €500,000) to high-net worth (individuals with net annual disposable income above €5 million) clients;
- Xelion, which engages in the business of raising funds from customers for purposes of investment in mutual funds, *bancassurance* and other asset management products ("asset gathering"), focusing primarily on the affluent client segment (clients with at least €75,000 in net annual disposable income);
- HVB WEM, the wealth management arm of HVB;
- BANKPRIVAT AG and Schoellerbank AG, BA-CA's specialised subsidiaries; and
- PGAM and its subsidiaries, which operate the global asset management business.

CEE and Poland's Markets Divisions

Beginning in 1999, the Group's strategy has been to acquire controlling stakes in financial institutions based in Central and Eastern Europe, which has enabled it to become one of the leading international banking groups operating in New Europe. Through the HVB Business Combination, the Group further reinforced its position and currently controls banks and financial institutions in 17 countries across the region. Following the integration process with the HVB Group, the Group's Central and Eastern European banks have been transferred to BA-CA, which now effectively operates as a sub-holding in this respect, with the exception of the Group's stakes in the Polish and Ukrainian banks, which have been allocated to the newly constituted Poland's Markets division.

Through its banks in Central and Eastern Europe, the two divisions offer the complete range of financial services: retail and corporate banking services, investment banking and leasing and factoring products. In particular in Poland, Turkey, Croatia, Russia, Bulgaria and Bosnia-Herzegovina, the Group's local banks have already grown into full-sized universal banking operations. Customers are serviced through all channels of access, including alternative ones such as mobile sales force, telephone banking and online banking.

Bayerische Hypo- und Vereinsbank AG

Information about Bayerische Hypo- und Vereinsbank AG, the parent company of HVB Group

Bayerische Hypo- und Vereinsbank Aktiengesellschaft (**HVB**) was formed by the merger of Bayerische Vereinsbank AG and Bayerische Hypotheken- und Wechsel-Bank AG in 1998 and is the parent company of the HVB Group. HVB is based in Munich (Germany). BA-CA has been part of the HVB Group since 2000.

HVB Group Overview

The HVB Group is an important provider of banking and financial services in Germany and offers a comprehensive range of banking and financial products and services to private, corporate and public-sector customers. Its range of services extends from mortgage loans and banking services for consumers, private banking, business loans and foreign trade finance through to fund products, advisory and brokerage services, securities transactions and wealth management. Following the transfer of its interests and business activities in Austria, Central and Eastern Europe, Russia, the Ukraine and the Baltic states, HVB Group plans to focus on Germany as its core market within the Group. Moreover, there is the possibility of entering markets in other regions of Europe (notably Scandinavia and Benelux).

Through its Markets & Investment Banking division, as the Group's competence centre for investment banking, the HVB Group has offices at all major financial centres worldwide, including London, New York, Hong Kong and Singapore.

The aim is also to significantly expand investment banking operations and become the centre of competence for investment banking within the entire Group.

As a result of the integration into the Group, the activities of the HVB Group have been restructured into the following global divisions: Retail, Wealth Management, Corporates & Commercial Real Estate Financing and Markets & Investment Banking. The reorganisation primarily affected the former German business

segment, from which the Retail, Wealth Management and Corporates and Commercial Real Estate Financing – divided into Corporates and Commercial Real Estate Financing operations – divisions emerged. Within this, the Retail and Wealth Management divisions were created out of the former Private Customers business unit, whereas the Corporate Customers and Professionals and Real Estate business units formed the basis for the new Corporates and Commercial Real Estate Financing division. In addition, customers were transferred from the former Corporate Customers and Professionals business unit (business customer segment) to the new Retail and Wealth Management divisions. The Markets and Investment Banking division was essentially formed out of the Corporates and Markets segment, but without the activities of the BA-CA Group and International Moscow Bank.

On 30 March, 2007 the management board of HVB with approval of the supervisory board of HVB resolved to increase its share capital (€2,252,097,420.00) under partial exercise of the authority conferred to them by the annual general meeting of 29 April, 2004 and registered at the Commercial Register of the Munich District Court on 18 December, 2006, by €155,053,596.00 to €2,407,151,016.00 against non-cash capital contributions by issuing 51,684,532 new common bearer shares the new shares will qualify for a dividend as of 1 January, 2007. 51,684,532 new shares with no par value were issued at an issue amount pursuant to section 9 (1) of the German Stock Corporations Act (AktG) corresponding to a notional share of the share capital amounting to €3.00 per share with no par value, i.e. a total of €155,053,596.00.

The new shares were subscribed for by UBM. In return, UBM contributed on 1 April, 2007 its investment banking business, representing almost the entirety of UBM's activities, to HVB comprising of assets, liabilities, rights, obligations, contracts (including employment contracts), deeds, responsibilities, duties and all other components which involve legal rights or obligations, which are organized as a structured business, economic and financial unit to carry out UBM's investment banking activities. The perimeter of the business of UBM being transferred to HVB includes as of year end 2006 total assets of approximately €66 billion and total revenue of approximately €470 million. By virtue of the authority conferred by the annual general meeting held 29 April, 2004 and contained in article 5 (2) of the articles of incorporation the statutory subscription rights of the shareholders were excluded in this capital increase. After completion of the capital increase, UniCredito will hold directly and indirectly 95.45% of HVB's share capital.

The transaction represents a further step forward in the HVB Group's re-organisational plan and is consistent with the HVB Group's plan to establish a centre of competence for the group investment banking activities at HVB, with the aim of: (i) gaining critical business mass, (ii) building a tailor-made infrastructure, and (iii) streamlining corporate governance, thus ensuring shorter time to market.

Corporate Functions

Global Banking Services

The Group established the Global Banking Services function in July 2004 as part of its ongoing efforts to achieve internal synergies, optimise its business processes and increase the efficiency of its organisational model. This new function is responsible for developing and implementing consistent operating and management processes across the Group, overseeing inter-divisional activity and ensuring cost control in order to free its operating functions to focus even more on product and customer service innovation. Global Banking Services has oversight responsibilities for the human resources, information technology and organisation and quality functions. Its other responsibilities include managing the Group's centralised purchasing processes and providing facility management services for the benefit of the Group's companies.

In addition, through Gestione Credit (formerly known as Mediovenezie Banca S.p.A.) the function services and manages non-performing loans in order to minimise the recovery costs of distressed loans. Gestione Crediti, which provides its services primarily to affiliated Group companies, negotiates out-of-court settlements and purchases non-performing loans. Through Uniriscossioni, the function also offered tax collection services to the Italian tax authorities, particularly in relation to local taxation. Uniriscossioni was sold in September 2006 to Riscossione S.p.A., a company controlled by the Italian tax administration, as part of the reform of the Italian tax collection system.

The function also provided the Group entities with back office and securities services through 2S Banca, which we sold to Société Générale for €579 million on 2 October, 2006. Following this disposition, Société Générale, through 2S Banca, has become the preferred provider of such services.

Group ICT
The Group's Information and Communication Technology function, headed by a chief information officer, is responsible for developing and implementing consistent information technology policies and processes across each of the Group's business units, as well as for defining the Group's overall long-term information technology development strategies. Specifically, this unit oversees the Group information technology budget, pursues efficiencies and cost synergies, establishes and maintains common standards for hardware and software solutions, ensures the quality and level of the IT services delivered to Group companies on a daily basis and supports the development of new technological solutions and IT platform integration.

Group Organisation and Logistics
The Group's group and logistics function is responsible for coordinating reorganisation projects, overseeing all of the inter-divisional and inter-business activities, as well as the internal business processes of UniCredito, exercising quality control and devising cost management and resource allocation policies for the Group. In addition, in 2003, UniCredito Italiano S.p.A. and UniCredit Banca categorised their real estate holdings as either strategic or non-strategic and contributed them to UniCredit Real Estate S.p.A. and Cordusio Immobiliare S.p.A., respectively, with a view towards continuing to occupy those facilities that are essential to the business mission while reducing property management costs with respect to non-strategic assets. UniCredit Real Estate is also responsible for providing facility management services to all Group companies. In 2004, the Group contributed the non-strategic properties of Cordusio Immobiliare to Modus S.r.l., a joint venture real estate management company which was constituted in partnership with Pirelli & Co and Morgan Stanley Real Estate. In June 2005, the Group merged Cordusio Immobiliare into UniCredit Real Estate S.p.A.

Overview of Other Central Corporate Functions
The central corporate functions at UniCredito, the holding company, are organised into six functions, each of which has specific responsibility for oversight and coordination of an area or areas having Group-wide relevance.

Human Resources
The Group's human resources function is responsible for developing and implementing consistent personnel policies and systems across the Group, managing recruitment, retention and training programs (including rotation and secondment programs in its foreign banks) and payroll management, all with a view to promoting the integrated implementation of the operating model at the Group, divisional and subsidiary levels. The specific responsibilities of this function also include managing career development programs for key managerial employees and managing the Group's relationships with trade unions in Italy.

Internal Audit
The Group's internal audit function, which reports directly to the Board of Directors, is responsible for assessing the effectiveness of internal control systems and the efficiency of operating processes, as well as for ensuring that operations are conducted in compliance with applicable laws and regulations as well as Group directives. Pursuant to Project S3, the Group has restructured its internal audit function to increase the independence of individual audit areas and improve the quality of controls and information flow to top management. To this end, the Group transferred to UniCredit Audit S.p.A. (effective as of 1 July, 2003) all of the internal auditing function resources and assets previously managed by UniCredit Banca.

Credit
The Group's credit function is responsible for strategic planning in the area of credit risk management and control, as well as for overseeing the process of assessing the creditworthiness of major corporate clients, the planning and implementation of processes and instruments for the Group's loan approval, loan monitoring and loan recovery processes, and the management of major loan restructuring initiatives.

Planning and Finance
The Group's planning and finance function, which includes Group Finance and is headed by the Chief Financial Officer, is responsible for overseeing asset and liability management, asset backed securitisation, Group treasury and debt capital markets activities, as well as the planning and control activities of the holding company. This function is also responsible for strategic planning at Group level, investor relations, mergers and acquisitions, managing market risk, and allocating capital to the Group's various business areas based upon a consolidated risk assessment. The Group treasury function is also responsible for overseeing the operations of UCI Ireland, the Group's licensed wholesale bank located in Dublin, Ireland. UCI Ireland is a wholly-owned subsidiary of UniCredito whose principal business areas include credit and structured finance (loans, bonds, securitisation and other forms of asset financing), treasury activities

(money market, repurchase agreements, EONIA and other interest rate swaps, foreign exchange and futures) and the issue of certificates of deposit and structured notes.

Legal Affairs, Compliance and Corporate Affairs
The legal affairs, compliance and corporate affairs function is principally responsible for legal and corporate compliance, monitoring legal and regulatory developments and ensuring standard interpretations of law and regulation across the Group. This function also supports the Group's mergers and acquisitions, capital markets and restructuring activities, oversees intra-group service arrangements and provides general internal legal consulting services.

Administration
The administration function is responsible for optimising operating expenses, accounting and tax compliance, reporting to regulatory authorities and monitoring the Group's operational risks. In the integration process, the Administration function will be combined with Planning and Finance.

Group Identity and Communications
The group identity and communications function is responsible for formulating and disseminating corporate identity through brand coordination, managing public and institutional relations, managing internal communications in collaboration with the Group's Human Resources function, developing environmental policy, preparing the annual Social and Environmental Report, and coordinating the relationship with Unidea, our charitable foundation.

Risk Management
In the context of the integration process, the Group established a new Risk Management function, headed by the Chief Risk Officer (CRO). This function is responsible for the optimisation of the Group's asset quality and the minimisation of risk through strategic management and the definition of risk management policies and criteria for the evaluation, management and monitoring of risks. The function is responsible for ensuring the consistency of risk management systems at Group level and within individual Group entities, managing the relevant credit activities of UniCredit, monitoring the trends of individual types of risk for UniCredito and Group entities, market risk management, operational risk management and the consolidation of aggregate exposures.

PRINCIPAL MARKETS

In market terms, UniCredito focuses on full-service financial services and is engaged in a wide range of banking, financial and related activities (including deposit-taking, lending, asset management, securities trading and brokerage, investment banking, international trade finance, corporate finance, leasing, factoring and the distribution of certain life insurance products through bank branches) throughout Italy, Germany, Austria and other Eastern and Central European countries.

SIGNIFICANT OR MATERIAL CHANGE

There has been no significant change in the financial or trading position of UniCredito and its subsidiaries taken as a whole since 30 June, 2007 and there has been no material adverse change in the prospects of UniCredito or the Group since 31 December, 2006.

LEGAL PROCEEDINGS

UniCredito

Corporate defaults of the Cirio and Parmalat groups; Argentine bonds; Derivative instruments
Cirio and Parmalat, two large Italian groups engaged in the food industry, defaulted on their corporate bonds in November 2002 and December 2003, respectively. At the time of their default, these two companies had an aggregate of €1,125 million and €7,200 million in bonds outstanding, respectively. As a result of these defaults, both companies are currently subject to temporary receivership (*amministrazione straordinaria*), a special procedure provided by Italian law applicable to large insolvent corporations.

Cirio
UniCredito participated, including through UBM, in the distribution of certain of Cirio's bonds to institutional investors. At the time of these placements, UniCredito had virtually no loans outstanding to Cirio or its affiliates, including members of the Cirio group. Certain Group banks sold Cirio bonds to their customers. Management believes that such bonds were sold in substantial compliance with applicable laws

and regulations and at the express request of clients. However, in light of the fact that the Cirio bonds did not have any credit rating, it is possible that some customers were not fully aware of the risky nature of the investment, even in the context of their overall securities portfolio. Accordingly, as widely reported, in December 2003 UniCredito set up an independent commission, formed of professionals who were not related to the Group, to perform a case-by-case review of the positions of non corporate customers who purchased (and held at each of the date of the Cirio default and the date the commission was established) Cirio bonds from the Group banks and who requested that their investment transactions be reviewed by the commission. All unsophisticated Cirio retail investors who purchased Cirio bonds through Group banks received a letter in which they were informed of the possibility of submitting their case to the commission. The commission's job was to assess the degree of awareness of customers who purchased Cirio bonds and, if appropriate, to make a proposal for compensation. Customers were free to refuse the proposal (and were free not to participate in the procedure at all) and seek compensation otherwise. On 20 October, 2004, UniCredito announced that the commission had completed its review, which resulted in proposals for compensation to 1,506 customers, or approximately 50% of the customers who had applied for review. Forty of these customers received full compensation of the amount of principal they had originally invested. At December 2005, at least 92% of the customers to whom a proposal for compensation was made accepted the offered indemnity. All customers have retained ownership of their bonds and therefore are entitled to any distribution that may be made by the receiver in bankruptcy of Cirio. Total proposed compensation amounted to approximately €16.9 million, or 41% of the aggregate principal amount of Cirio bonds owned by customers to whom a proposal was made. Based on an estimate of possible compensation claims by all customers, including those who "opted out" of the commission process, UniCredito made aggregate provisions of €39 million through 2003, which management believes is sufficient to cover the proposed compensation and other losses arising from the Cirio default. Since completion of the compensation procedure, UniCredito made additional provisions if and to the extent required in relation to individual lawsuits, which management believes are not material.

Following an investigation by Consob, in February 2005 the Ministry of Economy and Finance issued certain fines to the former directors, statutory auditors and certain executives and other employees of certain Group banks in connection with alleged regulatory violations by such directors and employees with respect to transactions in Cirio bonds. The charges refer to providing insufficient disclosure to customers and conflicts of interest, as well as non-fully adequate client profiling procedures. The Ministry of Economy and Finance maintained that both UniCredito and UniCredit Banca should be jointly liable for the payment of such fines. Management believes that the amount of these fines is not material to the business. The Ministry of Economy and Finance also maintained that the customer profiling procedures the relevant Group banks had in place at the time of the alleged irregularities, which were substantially similar to those of UniCredito's main Italian competitors, were partially deficient and allowed the sale to unsophisticated retail investors of securities with an inappropriate risk profile. UniCredito has appealed in court against these fines, responding to all charges underlying the fines, but the Court of Appeal upheld the fines. UniCredito is currently further appealing the decision in the Supreme Court. However, since the investigation, UniCredito has improved the procedures relating to its investment services activities to reflect Consob's observations in its investigation report, and has communicated to Consob its new policies in that regard.

In April 2007, some companies belonging to the Cirio Group that are currently in temporary receivership (*amministrazione straordinaria*) sued UBM and six other banks (including Capitalia and Banca di Roma) for damages allegedly suffered by the plaintiffs as a result of the banks' participation, as arrangers, in six bond issues by companies belonging to the Cirio Group between 2000 and 2002 for a total of €1,125 million. The plaintiffs maintain that those bond issues were arranged by the defendant banks at a time when the insolvency of the issuer, the guarantors and the whole Cirio Group was already clear and irreversible. The plaintiffs maintain that the defendant banks, which are highly qualified entities with a duty to act diligently, fairly and transparently in the interests of customers and the integrity of the market and to acquire all necessary information for customers, could not have been unaware of the situation at the Cirio Group. In addition, the plaintiffs maintain that granting by the defendant banks of credit to an allegedly insolvent entity, is "*per se*" illegal, as it is in violation of the prohibition against allowing an insolvent company to stay in business artificially. On this basis, the plaintiffs are seeking damages under three different claims:

(i) Damages of up to approximately €2 billion (calculated pursuant to three alternative theories), plus interest and depreciation, suffered by the claimants as a result of the worsening of their financial difficulties deriving from the bond issues;

(ii) Damages (the amount of which would be determined during the trial) suffered by plaintiff Cirio Finanziaria S.p.A. (formerly Cirio S.p.A.) for being deprived of the possibility of initiating bankruptcy claw-back proceedings (*azioni revocatorie fallimentari*) to recover certain assets disposed of in the two years preceding the issue of bonds, which the plaintiff could have done had the plaintiff not artificially been kept in business by the banks and declared insolvent instead; and

(iii) Recovery of approximately €10 million, plus interest and depreciation, paid to the defendant banks as fees in connection with the placement of the bonds.

UniCredito timely submitted its defence statement in which, among other things, it asserts that the plaintiffs' requests are procedurally flawed, challenges the key assumptions on which their allegations are made and UniCredito states, among other things, that (i) the subject matter of the lawsuit is simply an analysis of the relationship, during the period of the placement of the bonds, between the issuer and the guarantor, on one side, and the banks, on the other; (ii) UBM duly carried out the obligations undertaken towards the issuer during such period; and (iii) the bond issues were part of a wider project aimed at restructuring the Cirio Group's debt and consolidating its organisational structure, accompanied by a parallel project for the requalification of its business (which envisaged, among other things, the sale of non-strategic assets, the reduction of both its global and bank indebtedness, and a focus on the core business).

On this basis, management believes that the plaintiffs' claims are substantially without merit and have not so far made provisions to cover for the potential risks arising from this case, also in consideration of the fact that the lawsuit is not in the preliminary phase yet.

Parmalat
Over time, UniCredito extended lines of credit to Parmalat and, including through UBM, participated in the distribution to institutional investors of certain bonds issued by the Parmalat Group's companies. Following the initial sale to institutional investors, these bonds were sold by certain Group banks to their customers. Certain holders of Parmalat bonds have made claims for reimbursement of the bonds alleging that they had not been properly informed of the risky nature of their investment. However, also in light of the fact that Parmalat's bonds had received a credit rating and that, in connection with the default, criminal proceedings have been initiated against former Parmalat executives, UniCredito decided not to review the position of Parmalat bondholders as it did in connection with Cirio. UniCredito has assisted Group banking customers holding Parmalat bonds to be included in Parmalat Group's insolvency procedures.

During the first half of 2007, some Group banks have registered a certain increase in legal proceedings in connection with bonds issued by companies belonging to the Parmalat Group, whose total value, however, is limited. The Group has established prudential provisions only in relation to individual lawsuits.

At 30 June, 2007, UniCredito's exposure to loans extended to Parmalat amounted to approximately €25.4 million and it had made provisions of approximately €22.7 million to cover possible losses arising out of such exposure. In connection with the insolvency of Parmalat, UniCredito has made claims for payment of credits under its existing facilities. UniCredito cannot predict the amount that it will be able to recover under these claims, or that no further claims will be brought against it.

In August 2005, certain companies of the Parmalat Group in temporary receivership (*amministrazione straordinaria*) filed a payment claim in the aggregate amount of approximately €4.4 billion against UniCredito, Banca d'Impresa, UBM and two other banking intermediaries, including Banca di Roma, as joint debtors for the recovery of damages for having acted, together with other banking intermediaries, as co-lead managers in the issuance of bonds from 1997 to the first half of 2001 and having maintained numerous bank accounts with companies of the Parmalat Group. Two hearings were held on 22 May, 2006 and 19 December, 2006 respectively. At the last hearing, Parmalat Finanziaria S.p.A. (**Parmalat Finanziaria**), the entity that assumed all rights, duties and obligations of Parmalat arising out of the settlement with the creditors in the Parmalat bankruptcy (the so called *assuntore*) entered the lawsuit and joined the plaintiffs. The proceeding is not yet in the preliminary investigation stage. The preliminary hearing held on 18 September, 2007 has simply postponed the next hearing to 12 February, 2008. The plaintiffs allege that in acting as lead manager or co-lead manager (and, to a lesser degree, by extending credit through pool and overdraft lending) the companies against which the claim was filed provided funds to the Parmalat Group, which at that point in time (in 1997) was "already in a state of obvious financial distress (at least to professionals), and the same companies thus artificially kept the insolvent group and the companies which, as of today, are in insolvency procedures, in business for more than five years, thereby delaying the

declaration of insolvency and worsening its state of financial distress''. In particular, the aggregate amount of the joint payment requested in connection with the issuance of bonds on the basis of offering circulars amounts to €4,285 million, broken down as follows: €2,636 million for bond issues jointly arranged by the defendants, €128 million arranged only by UniCredito and €1,521 million arranged by other intermediaries not belonging to the Group. The plaintiffs allege that the companies against which the claim was filed are responsible under Articles 2043 and 2055 of the Italian Civil Code for not having operated with the maximum degree of accuracy, diligence and expertise when verifying the pre-conditions for each bond issue (first and foremost the solvency of the issuer and the guarantor). In addition, the plaintiffs allege that the defendants have colluded with the plaintiffs' former directors, auditors and officers in the worsening of the state of the Parmalat Group. The plaintiffs seek, among other relief, payment of €115 million "owed to Parmalat by UniCredito under the overdraft line granted by UniCredito''. This amount represents the balance of the current account of Parmalat at December 2003. This amount was not repaid by Parmalat. As evidence the plaintiffs cite in particular numerous sections of the interrogations of some executives in the criminal proceedings, none of which, however, relate to companies of the Group (which are also not mentioned in the files transcribed in the claim filed). The aggregate amount of the alleged claim is higher than the nominal value of the bond issues in which the Group participated. UniCredito believes that claims concerning the role of the Group companies in the issuance of bonds before 30 July, 2000 have expired due to the lapse of the statute of limitations. Therefore, the potential responsibility of UniCredito would only relate to the bond issuances in which it was involved after that date, which consists of two bond issues for a total nominal value of €650 million, of which only €40 million was underwritten by the Group. Management also believes that the claim is, in any case, without merit.

At the end of August 2005, certain companies of the Parmalat Group in temporary receivership filed a claim for payment of an aggregate amount of €1,861.8 million jointly and severally against UBM and two other banking intermediaries not belonging to the Group as compensation for damages caused by having first promoted and subsequently participated in the renewal of its Debt Issuance Programme for the issuance on the Euromarket of medium-term bonds through which, between the second half of 2001 and 2003, bonds for a total principal amount of €1,870 million were issued, as well as for damages caused by their activities as "co-lead managers" on another issuance (external to the programme) in 2002 in the principal amount of €306.8 million. During the hearing held on 24 October, 2006, Parmalat Finanziaria, as *assuntore*, entered the lawsuit joining the plaintiffs. The preliminary hearing, held on 12 April, 2007 has postponed the next hearing to 20 November, 2007. The proceeding is not yet in the preliminary investigation stage.

Despite the complexity of both litigation matters, the Group, following consultation with its defence counsel, believes the claims to be groundless and that it can prove that no irregularities were committed by the Group, as it was not aware, nor could it have been, at the time of issue of the bonds and the execution and subsequent renewal of the Debt Issuance Programme, that Parmalat was insolvent. In consideration of the above-mentioned circumstances, and also considering the fact that no new substantial facts have come to light and that both lawsuits are in a preliminary stage, the management of the Group's companies involved have consequently decided not to make any provisions with respect to the alleged claims.

Parmalat's temporary receiver has commenced claw-back proceedings against UniCredito, together with over 40 other Italian and foreign banks, including banks formerly belonging to the Capitalia Group, in relation to alleged voidable preferences with respect to repayments it received from Parmalat prior to its default.

More specifically, Banca d'Impresa is a defendant in four claw-back proceedings for an aggregate amount claimed equal to €618.6 million and UniCredit Factoring is a defendant in an aggregate proceeding in which an aggregate of €24.3 million is being sought. UniCredit Factoring believes that even in the case that the claim were accepted in full, the amount should be reduced by at least €9.8 million to reflect outstanding receivables from Parmalat S.p.A.

Argentine Bonds
Certain of UniCredito's clients have filed claims against Group banks seeking compensation in relation to sales of Argentine government bonds, particularly towards the end of 2006. Management believes that it is managing such claims prudently and that the Group can prove that the allegations against the banks of the Group are meritless, since there are no grounds for considering the sale of bonds issued by the Argentine Government different from any other sale of financial instruments. Accordingly, on the basis of such assumptions, UniCredito believes that its provisioning policies provide sufficient coverage for the currently anticipated losses that may arise from lawsuits regarding the sale of such bonds. Companies of the Group

are providing assistance to their clients involved in the arbitration proceedings held before the International Court for the Settlement of Disputes by making available the services of their Task Force Argentina.

Following an investigation by Consob, in March 2005 the Ministry of Economy and Finance issued certain fines to the former directors, statutory auditors and certain executives and other employees of certain of the Group's banks in connection with alleged regulatory violations by such directors and employees with respect to transactions in Argentina government bonds. The charges refer to providing insufficient disclosure to customers and conflicts of interest, as well as non-fully adequate client profiling procedures. The Ministry of Economy and Finance maintained that UniCredit Banca should be jointly liable for the payment of such fines. Management believes that the amount of these fines is not material to the business. The Ministry of Economy and Finance also maintained that the customer profiling procedures the relevant Group banks had in place at the time of the alleged irregularities, which were substantially similar to those of UniCredito's main Italian competitors, were partially deficient and allowed the sale to unsophisticated retail investors of securities with an inappropriate risk profile. UniCredito has appealed in court against these fines, responding to all charges underlying the fines, but the Court of Appeal upheld the fines. UniCredito is currently further appealing the decision in the Supreme Court. However, since the investigation, UniCredito has improved the procedures relating to UniCredito's investment services activities to reflect Consob's observations in its investigation report, and has communicated to Consob its new policies in that regard.

Derivative instruments
Following an investigation, Consob imposed fines on the directors, statutory auditors, executives and other employees of certain Group banks in connection with alleged regulatory violations by such persons in relation to transactions in derivative instruments. The charges include providing insufficient disclosure to customers, as well as violations of Italian investment suitability rules. Management intends to vigorously defend these proceedings and to file for appeal. Management believes that the amount of fines is not material to the business.

UniCredito has also been sued by, or are otherwise aware of claims by certain clients seeking damages in connection with losses suffered on derivative instruments purchased from certain of the Group's banks. In most instances, these clients claim that the banks failed to inform them properly in relation to the risks associated with such instruments or that such investments were otherwise not suitable to their risk profile. In one of these cases, on 18 September, 2007, the Court of Turin has issued two judgments in connection with the subscription of certain contracts relating to financial derivative instruments. In particular, between 2000 and 2001 Torneria Automatica Piemontese and Fast Loc entered into certain interest rate swap transactions with Banca d'Impresa, as a result of which they suffered losses of approximately €150,000 each. The Court of Turin rescinded all such contracts for breach by Banca d'Impresa, as a financial intermediary, of its duties of information, fairness, adequacy and disclosure towards investors and the markets. At 30 June, 2007, the aggregate amount claimed in the lawsuits that are currently pending was approximately €638 million (including the proceeding involving Divania S.r.l. described below) and the aggregate amount claimed in the formal complaints UniCredito has received was an additional €364 million. At 30 June, 2007, UniCredito had settled approximately 302 of these complaints at an aggregate cost of €30.3 million.

Divania S.r.l
In March 2007, Divania S.r.l. filed a suit against Banca d'Impresa regarding certain transactions in financial derivative instruments carried out between January 2000 and May 2005 by Credito Italiano and by Banca d'Impresa, requesting a declaration of inexistence or invalidity of the related contracts and claiming damages in an aggregate amount of approximately €276.5 million. Banca d'Impresa believes that the claimed amount is absolutely disproportionate in respect of the actual risk underlying the lawsuit since the amount claimed was determined by summing all debt entries made (in an amount that is much bigger than the actual exposure), without considering the credit entries which drastically reduced the claimant's demands. In addition to this, a settlement between the parties had been reached in June 2005, according to which Divania S.r.l. agreed not to make any further claims in connection with the above-mentioned transactions. Given such circumstances, Banca d'Impresa believes that the maximum amount it could be held liable for is €4,105,000 (the amount charged to Banca d'Impresa at the time of the settlement), and it has, therefore, made provisions with respect to the alleged claims for an amount of €2 million.

Current account overdrafts
The Italian banking system is characterised by a relatively large proportion of overdraft financing provided through current accounts. A borrowing is made whenever a customer's drawings exceed the credit balance in the account. An overdraft customer is granted a maximum overdraft limit on the basis of UniCredito's lending policy, and the customer can draw on the overdraft facility. Debit interest on overdraft facilities is typically charged quarterly and at a floating rate.

With a series of judgments rendered in 1999, the Italian Supreme Court (*Corte di Cassazione*) declared invalid the Italian banks' practice of capitalising interest on overdraft facilities on a quarterly basis (as a result of capitalising interest, the outstanding interest becomes a part of principal and thereafter interest is charged on the basis of the new principal amount).

After those judgments and the enactment of Legislative Decree No. 342 of 1999, Italian banks adopted a new practice, whereby interest on current account debit balances can be capitalised, either on a quarterly basis or with a different periodicity, provided that interest on current account credit balances is also capitalised on the same basis. Notwithstanding these changes, the legal position with respect to capitalisation of interest on current accounts opened prior to 22 April, 2000 (the date on which the new practice was first permissible under Legislative Decree 342/1999) remains uncertain (also in light of the fact that some local Courts did not follow the Supreme Court's approach on this matter).

However, after a new judgement by the Italian Supreme Court sitting en banc that was issued at the end of 2004 the Group banks have not received a material amount of new claims and proceedings of this nature (as compared with the number of claims and proceedings notified after the judgments of 1999). For each new proceeding begun, the Group banks have made, consistent with prior practice, specific provisions, which management believes to be prudent.

Italian law on fixed rate mortgage loans
Law Decree No 394 of 29 December, 2000 on usury was passed into law on 28 February, 2001. This law applies to any instalments on fixed-rate mortgage loans due after 2 January, 2001, and requires banks to re-price outstanding loans on the basis of a "substitute rate" of 9.96% for residential and business mortgage loans and of 8% for residential mortgage loans of up to €77,469 for the purchase of a primary residence (provided it is not considered a luxury home).

Since the enactment of this Law Decree, UniCredito has taken appropriate steps to conform its mortgage lending practices to the law, and the negative financial impact of re-pricing its fixed-rate mortgage loans is gradually decreasing. Going forward, management does not expect this law to have a material adverse effect on UniCredito's operating results or financial condition.

Actions for damages as a consequence of certain share transfer transactions with HVB
Eight companies having their respective registered offices in the United States, Virgin Islands, Cayman Islands, British West Indies and in Bermuda have served writs of summons (*Klageschriften*) on UniCredito, Mr. Alessandro Profumo and Mr. Wolfgang Sprissel, chairman of the management board of HVB, before the District Court of Munich for damages allegedly suffered as a consequence of (i) an underestimation of the fair value of the shares sold by HVB to UniCredito in the amount of approximately €13.5 billion, (ii) disregarding a claim BA-CA had against UniCredito in the amount of €1.2 billion, and (iii) disregarding the costs for the restructuring which HVB has had to bear with respect to the takeover by UniCredito and the costs of restructuring incurred by the integration of the investment banking division of UniCredito in HVB. The plaintiffs state that the fact that the above transactions were carried out on the basis of evaluations made by independent advisors does not exclude the defendants' liability and allege that such transactions should have been carried out through competitive auctions, in order to obtain the highest possible price (especially taking into account a premium for the acquisition of control).

The plaintiffs ask (i) for damages, in an aggregate amount of €17.35 billion and (ii) for the District Court of Munich to order UniCredito to pay to HVB, as damages, further amounts starting from 19 December, 2006.

The defendants consider the lawsuit completely groundless, against the background that all the transactions by the plaintiffs were carried out on an arm's length basis and deemed to be fair also on the basis of external and independent opinions and evaluations. As stated in the report on the relations between HVB and affiliated enterprises for the fiscal year 2006, all transactions were performed on an arm's length basis. As noted above, the prices for which the shares in BA-CA and in the CEE entities that were sold were based on

expert opinions from the auditing company PricewaterhouseCoopers S.p.A., as well as on a fairness opinion from an investment bank. The sale of other shareholdings from HVB to other members of the Group challenged in said claims were completed only after having received expert opinions from independent appraisers. UniCredito's management is of the opinion that the asset situation and profitability of BA-CA was not intentionally misrepresented or concealed. In the view of UniCredito's management the claims will be held to be without merit.

HVB

Strukturvertrieb transactions
HVB is involved in civil proceedings with numerous retail customers in Germany relating to financings of tax-driven real estate investments that were originated through external agents (*Strukturvertrieb*) primarily during the years 1989 through 1994. One of the main legal issues in dispute concerns the interpretation of German consumer protection laws, in particular, the provisions of the German Doorstep Transactions Rescission Act (*Hausturwiderrufs-Gesetz*, the **Act**), which implemented into German law Directive 85/577 EC of 20 December, 1985 (the **Directive**). The Act grants a unilateral right of withdrawal at any time to a consumer who is party to a transaction that was initiated or concluded in a ''doorstep situation'', i.e. at the consumer's place of work or private residence or at a public place (other than at the specific request of the consumer) if the consumer was not notified in writing of his statutory right of withdrawal at the time of the transaction. Based on a decision of the European Court of Justice (**ECJ**) of 13 December, 2001, German courts apply the provisions of the Act also to real estate financing agreements. In so applying the Act, the Eleventh Senate of the German Federal Supreme Court (*Bundesgerichtshof* **BGH**) which, among other things, is in charge of proceedings involving consumer loan agreements, has repeatedly confirmed its long-held view that the rescission of a real estate financing agreement pursuant to the Act will generally not affect the validity of the underlying real estate purchase agreement. Rather, the real estate financing agreement and the real estate purchase agreement have in general to be considered as distinct and separate contracts. Therefore, pursuant to the view of the BGH, a customer of HVB who is able to prove that he entered into the financing agreement in a ''doorstep situation'' and did not receive the required written notice regarding his statutory right of withdrawal may rescind only the financing agreement and not the underlying real estate purchase agreement. The BGH has held repeatedly that, in the event of such a withdrawal, the customer will not be relieved from his obligations under the financing agreement in exchange for a transfer of title to the relevant real estate but will be obligated to repay the outstanding principal of the loan plus interest at customary market rates to the lender. Several other German courts referred questions to the ECJ on the interpretation of the Directive in light of these BGH decisions.

On 25 October, 2005, the ECJ rendered its decisions on whether the decisions of the BGH are in line with European law. According to the ECJ, a customer may withdraw from a financing agreement if the ''doorstep situation'' has been created by a person that acted in the name or for the account of the bank, whether or not the bank was actually aware of such action. The ECJ decisions do not specify the meaning of ''a person acting in the name or for account of the bank''. The ECJ decisions in essence confirm the view of the BGH to the effect that the customer's withdrawal from the financing agreement does not have an impact on the validity of the purchase agreement and that the customer continues to be the owner of the property purchased. If the customer exercises his withdrawal right, he is obliged to repay the loan in full. Pursuant to current German laws, the customer is also obliged to pay to the bank interest at a market rate on the loan granted. These provisions are not contrary to the Directive. However, where the customer has not been notified about his withdrawal right, the member state has to ensure, pursuant to the ECJ decisions, that the risk of the investment which the customer would have avoided if correct information about his withdrawal right had been provided, should not be borne by the customer but by the bank. Accordingly, the national courts should take this into account in their decisions and interpret the provisions of national law in a way that helps achieve this aim.

In a decision of 16 May, 2006, the BGH held that the principles articulated by the ECJ only apply to situations where a customer has entered into a financing agreement during a doorstep situation as defined in the Act. In all proceedings involving HVB, the customers did not enter into financing transactions during such a doorstep situation but only some time after such doorstep situation. As a result, the requirements stipulated by the ECJ do not apply.

In addition, the BGH held that in cases where a purchase agreement has been concluded before the financing agreement, the information about the withdrawal right would not have led a customer to avoid investment

risk. Consequently, in these cases, customers exercising their withdrawal right will be obliged to immediately repay their loan in full, together with interest thereon at customary market rates.

In cases where the purchase agreement has been concluded after the financing agreement, the BGH, in an obiter dictum to its 16 May, 2006 decision, recognised that the ECJ requirements do not apply since the bank that concluded the financing agreement may not have been in default for failing to instruct customers of their statutory right to rescind the financing agreement. Accordingly, based on the 16 May, 2006 decision of the BGH, it is HVB's position that in situations where the customer may have a right to rescind the financing agreement, the customer in any event will be under an obligation to repay the loan to the bank as well as to pay customary market interest thereon.

Finally, the BGH in its judgment of 16 May, 2006 held that a customer may be entitled to damage claims against a bank arising from the bank's failure to hold a customer harmless from and against any liability which would not have arisen if the customer had not acquired the property financed by the bank provided that (i) the bank has cooperated with the seller or agent in the sale of the property and the related financing in an "institutionalised" manner (meaning the bank maintained a permanent business relationship with such seller or agent) and (ii) the seller or agent has fraudulently deceived the customer in such an evident way that it was impossible for the bank not to have knowledge thereof (such elements to be established and proven by the customer), and (iii) the bank in turn is unsuccessful in proving that it had no knowledge of the customer having been deceived.

The lawsuits pending against HVB involve, *inter alia*, financing agreements which were signed by third party fiduciaries authorised by customers to act in their name and on their behalf, rather than by the customers themselves. Several Senates of the BGH have recently held that third party fiduciaries which engage primarily in the handling of real estate purchase transactions without the necessary authorisation to provide legal advice violate the German Act on Legal Advice (*Rechtsberatungsgesetz*). In those cases, the power of attorney underlying a fiduciary's authorisation is invalid. In accordance with the BGH's established decision practice, the contracts signed by such fiduciaries are nonetheless valid if it can be demonstrated that at the time of the conclusion of the agreement concerned the original or a notarised copy of the deed containing the power of attorney was presented to the bank. In the past, HVB has been successful in providing such evidence in the majority of the relevant cases.

If HVB fails to provide such evidence, it may, according to the BGH's established decision practice, still be entitled to a repayment of the loan in question if it can successfully invoke the doctrine of authorisation by estoppel, i.e., if it can show it relied in good faith on the alleged authorisation of the fiduciary acting on behalf of the customer.

If HVB is not able to meet the requirements for invoking the doctrine of authorisation by estoppel, the loan agreement with the customer is invalid. Therefore, HVB's claims for repayment of the funds advanced to the customer (or, at the customer's direction, a third party) under an invalid loan agreement can only be based on principles of statutory law, such as unjust enrichment. In the event that funds were advanced to a third party without corresponding instructions from the customer, HVB may have a claim for repayment against such third party.

In its decisions of 20 April, 2004, the Eleventh Senate of the BGH has, in general, reconfirmed these principles. In these cases, HVB was not able to provide evidence that the original power of attorney had been presented to it or that the requirements for invoking the doctrine of authority by estoppel were met. The Eleventh Senate of the BGH did not have to decide on the existence of any claim of HVB against the borrowers based on statutory law.

Although the outcome of proceedings concerning *Strukturvertrieb* transactions will depend on the facts and circumstances of each case, based on existing precedent, HVB does not believe that the proceedings relating to *Strukturvertrieb* transactions (including one brought before a U.S. court), considered singly or in the aggregate, have or, in the case of pending or threatened proceedings, would have, if adversely determined, a material adverse effect on HVB's business or financial condition.

Financing of funds
HVB is also involved in civil proceedings with numerous retail customers in Germany relating to financing of tax-driven participations in real estate funds. In two decisions dated 25 April, 2006, the BGH held that the qualification of loans as mortgage-secured loans depends on whether the grant of mortgage was already

provided for in the loan agreement and whether the loan was granted according to normal conditions for mortgage secured loans.

In the event the financing and the participation are determined to constitute a so-called "linked transaction" (*Verbundenes Geschaft*), the customer can raise objections against the repayment claim of such lender in the event of deception or wrongful advice (*Einwendungsdurchgriff*). The BGH assumes a "linked transaction" exists if the lender made use of the distributor's organisation both to arrange the participation in the fund and to conclude the loan agreement. This would be the case if the distributor mandated by the fund company and the initiator of the fund also arranges for execution of the loan agreement using the standard form documentation of the lender or if the lender uses the standard form loan documentation of the distributor and does not have any direct contact with the customer before the loan agreement is executed. In decisions dated 25 April, 2006, the BGH held that in the event of a linked transaction a customer can raise objections against the repayment claims of the lender along with claims the customer has against the seller of the fund and the agent of the fund because of fraud.

In the case where a non mortgage-secured loan was concluded in a doorstep situation and a customer was not properly advised with respect to his or her right of rescission (and may thus in some cases for this reason already be entitled to withdraw from the loan agreement), the BGH held that a lender may not claim repayment of the loan from the customer if the lender had any connection to the fund or to the distributor which exceeded the mere processing of payments and if the loan was not disbursed to the customer but directly to the fund.

At this point in time, the number and volume of loans of HVB which are affected by the new decision of the BGH cannot be determined, because in the past there was no requirement to collect data in accordance with the above criteria and because determining whether there is a linked transaction and whether a customer can raise objections depends on the specific facts of each particular case which would have to be proven by the customer and which are not presently known by HVB.

Shareholder complaints against the appointment of the auditors of HVB as well as the election of shareholder representatives on the supervisory board
Shareholders of HVB initiated legal proceedings against HVB at the District Court of Munich (*Landgerischt Munchen I*), challenging, *inter alia*, the validity of the shareholders' resolution passed by HVB's annual general shareholders' meeting on 29 April, 2004, regarding the appointment of HVB's auditors for fiscal year 2004. On 9 June, 2005, the District Court of Munich dismissed the claims; the appeal was dismissed by the Higher Regional Court of Munich on 18 January, 2006; the BGH dismissed the shareholders' complaint of non-admission on 7 May, 2007. As a result, the shareholders' resolution passed by HVB's annual general shareholders' meeting on 29 April, 2004, regarding the appointment of the auditors for fiscal year 2004 is valid.

Several shareholders initiated legal proceedings against HVB before the District Court of Munich challenging the election of two members and one substitute member of the supervisory board and the appointment of HVB's auditors for fiscal year 2005 by the annual general shareholders' meeting on 12 May, 2005. The plaintiffs primarily claim that (i) certain members of the supervisory board have not been effectively in office and (ii) concerns with respect to the auditors' impartiality have existed since 1999. If the respective members of the supervisory board would not have been effectively in office at the time of the AGM, the proposals to the AGM on 12 May, 2005 would have been invalid which in turn would lead to voidability of the resolutions adopted by the AGM 2005. With respect to the election of the two members and one substitute member of the supervisory board and with respect to the appointment of HVB's auditors for fiscal year 2005, the claims of the shareholders before the District Court of Munich were not successful. The shareholders, however, appealed against this judgment. Based on the decision of the BGH dated 7 May, 2007, HVB is of the opinion that the appeal will be held to be without merit.

Shareholder complaints against resolutions approving the hive-down and acquisition agreement and the master agreement relating to the "Aphrodite" loan portfolio and the amendment to sec. 4(2) of the articles of association of HVB
HVB has decided to divest itself of a loan portfolio (known as "Aphrodite") essentially consisting of sub-performing and non-performing loans. To this end, the loan portfolio has been initially hived-down from HVB to its wholly owned subsidiary HVB Loan Portfolio GmbH & Co. KG. Thereafter, all of the shares and interests in HVB Loan Portfolio GmbH & Co KG and its general partner company have been assigned to a company belonging to Goldman, Sachs & Co. According to the German Transformation Act the

corresponding hive-down and acquisition agreement (executed on 29 March, 2006) is subject to the approval of the shareholders of HVB. Due to the relationship between this agreement and the master agreement (executed on 16 January, 2006), the entire transaction, including the sale and assignment of the shares and interests in HVB Loan Portfolio GmbH & Co. KG and its general partner, was submitted to the annual shareholders' meeting on 23 May, 2006 for approval.

Two shareholders of HVB challenged the resolutions adopted by the annual general shareholders' meeting of HVB on 23 May, 2006 approving the master agreement and the hive-down and acquisition agreement (agenda items 13 and 14 of said shareholders' meeting) and the resolution modifying Section 4(2) of HVB's articles of association (agenda item 9 of said shareholders' meeting). In its hearing on 27 September, 2006, the District Court of Munich stated that these claims were unsubstantiated. HVB therefore believes that the claims against such resolutions will be held to be without merit.

On HVB's request, the District Court of Munich ruled on 27 September, 2006 in release proceedings that the claims against the resolutions regarding agenda items 13 and 14 will not prevent the hive-down being entered into the commercial register. Appeals from shareholders against this ruling were rejected by the Higher Regional Court of Munich on 12 February, 2007. The transactions therefore were closed in the first quarter 2007. On 29 March, 2007 the District Court of Munich dismissed the claims against the resolutions taken in the shareholders' meeting on 23 May, 2006. However the plaintiffs appealed against this decision. HVB believes that the appeal will be rejected by the Higher Regional Court of Munich.

*Shareholders' complaints against resolutions approving several purchase and transfer agreements, inter alia, the sale and transfer agreement with respect to the BA-CA shares held by HVB, during the Extraordinary Shareholders' Meeting (**EGM**) on 25 October, 2006*
Following the EGM which approved six transactions relating to entities belonging to HVB in Austria (BA-CA) and CEE-countries (Ukraine, Russia, Baltics) several applications to grant certain information to shareholders pursuant to Sec. 132 of the German Stock Corporation Act (**AktG**) have been filed by minority shareholders of HVB with Regional Court of Munich and were served upon HVB. The applications requested HVB (i) to make available to the shareholders a copy and to disclose the complete wording of the Business Combination Agreement (**BCA**) concluded between UniCredito and HVB on 12 June, 2005 and ask to receive the complete wording of the Restated Bank of the Regions Agreement (**ReBoRA**) or (ii) at least to disclose more details of the contents of BCA and the ReBoRA or to respond to questions relating thereto. When preparing the EGM, HVB and its external legal advisers arrived at the conclusion that it was sufficient to publish the material contents of the BCA and the ReBoRA in order to fulfill any potential information requirements. In one application, HVB is requested to reveal all payments made to Mr. Rampl by HVB or any third party (including, in particular, UniCredit) since 1 January, 2005. With respect to the payments received by Mr. Rampl in 2005, no answer was required as all compensation paid to Mr. Rampl are shown in detail in the "Compensation Report" in HVB's financial statements for the year 2005; with respect to any payments made in 2006 by UniCredit, HVB is unable to make any statement; in addition, this information was in HVB's view not required for the shareholders to vote on the transactions. The District Court of Munich ruled in three out of six cases that the applications pursuant to Sec. 132 AktG were unfounded and stated that HVB was not required to make available to the shareholders a copy or to disclose the complete wording of BCA or the ReBoRA. The remaining applications were settled after HVB – without conceding any legal obligation to do so – disclosed the BCA to the court and all plaintiffs.

A number of actions to set aside the consenting resolutions with respect to the transactions submitted to the EGM, especially the sale and purchase agreement regarding the shares of BA-CA held by HVB have been filed by shareholders and shareholders' associations and were served upon HVB on 13 December, 2006. Apart from alleged formal mistakes in preparing and conducting the meeting the shareholders mainly claim that the purchase prices for the sold entities were not adequate and in turn would contradict Sec. 243 AktG. The management board of HVB determined the purchase prices on the basis of separate evaluations of each single entity by PricewaterhouseCoopers, acting as independent auditor, and therefore is of the opinion that the agreed purchase prices were adequate. Furthermore, a fairness opinion has been given to HVB.

The sale and purchase agreements contain provisions requiring the management board of HVB to ask a law firm to render a legal opinion as to whether the resolutions of the EGM contained any error which could prevent the management board from closing said transactions. The management board asked a law firm to render an opinion in this respect taking into account all arguments of the claims mentioned before. Having received such opinion, as well as an additional statement from PricewaterhouseCoopers, the management

board of HVB came to the conclusion that the closing conditions had been met; following this the participations held by HVB in BA-CA were transferred to UniCredit, those held in HVB Bank Ukraine (after assignment by UCI) to Bank Pekao SA; the participations held in International Moscow Bank as well as those held in HVB Bank Latvia were transferred to BA-CA in the first quarter of 2007; the branches in Tallinn and Vilnius were transferred in August 2007 after further conditions precedent were fulfilled.

In the hearing on 24 May, 2007, the District Court of Munich indicated that it might be doubtful whether the explanatory notes on BCA/ReBoRA in the invitation for the EGM had been adequate and whether questions from the shareholders with regard to alternative parameters of valuation had been adequately answered. HVB believes that the contention that HVB (according to the District Court of Munich) should have described several clauses in the BCA in greater detail is unfounded; in addition, any such description could not have impacted on the resolution (which is a precondition if a challenge is to be successful). The necessity to answer questions relating to alternative valuation parameters and methods had been rejected by other courts; this would be a reversal in case law; HVB furnished evidence to demonstrate that all questions actually asked to be answered were answered within the scope of what was legally required, possible and reasonable.

During the oral hearing the Court made an attempt at proposing a settlement of the pending claim: such proposal was neither suggested nor accepted by any of the parties. Taking into account HVB's announcement of the squeeze-out resolution at the end of June 2007, and the shareholder claims against the squeeze-out that were almost certain to result, the court noted that it believed that one could read HVB's business plans prepared in connection with the squeeze-out as having assumed that HVB would have received €4 billion more from UniCredito than it in fact did. The court, however, did not justify how it reached this particular amount. In any event, the proposal of the Court for a settlement is not legally binding and has not become legally binding nor is it a pre-judgment for further proceedings with respect to the squeeze-out. The court clearly stated that there is no evidence to show breach of trust of HVB's management bodies, that the management board of HVB has substantial discretion and could rely on the expert opinions from PricewaterhouseCoopers as well as the fairness opinion and – with regard to the valuation parameters applied by PricewaterhouseCoopers – also on the rulings handed down by other courts that had accepted similar valuation parameters in comparable cases. In light of the fact that (i) the BGH expressly emphasised in other rulings that it was not the task of the courts to place their own commercial assessment in lieu of the decisions taken by the management bodies of a company in their entrepreneurial responsibility, and that (ii) the management bodies of HVB had acted for the benefit of HVB on the basis of carefully prepared and comprehensive information (legal expert opinions, valuation by appraisers, fairness opinion), HVB is of the opinion that the actions challenging the resolutions on the sales of BA-CA/CEE will ultimately prove to be unsuccessful. However, the outcome of these proceedings is uncertain.

The special representative has joined the minority shareholders in their claim contesting the resolution taken at the EGM on 25 October, 2006 regarding the sale and transfer of BA-CA to UniCredito. According to a written submission received by HVB on 6 November, 2007, the special representative has justified this stance, stating that it believed that the resolution authorising the sale of BA-CA passed at the EGM had been obtained through deception as the written submission to both the EGM and the Supervisory Board had been untrue in its assertion that the transaction would be in the best interests of HVB. The special representative argues that the resolution authorising the sale and transfer as well as the proposal of the Supervisory Board, should therefore be regarded as invalid.

It is doubtful whether the special representative may in fact join the contesting shareholders against HVB. After a preliminary review of the submission it appears the facts used to support the claim have been taken out of context, are incomplete, tendentious and misleading. HVB clearly rejects the alleged deception and will counter the written submission after further in-depth analysis on the claims therein.

*Resolution with respect to assertion of claims and appointment of a special representative taken during annual shareholders meeting (**AGM**) on 27 June, 2007*

At the HVB's AGM on 27 June, 2007, a resolution proposed by some minority shareholders was adopted to assert claims for compensation against current and former members of the management board and supervisory board of HVB and against UniCredito and its affiliated companies – including their legal representatives in each case – for alleged financial damages caused by (a) the sale of BA-CA for a price of €109.81 per share (i) against the background of HVB's successful strategy in Eastern Europe, (ii) in light of

the fact that the cash compensation granted to the minority shareholders of BA-CA during the squeeze-out proceedings amounted to €129.40 per share whereas six months earlier the fair value of BA-CA shares that were sold by HVB to UniCredito was set at only €109.81, (iii) without performing an auction procedure and (b) by the BCA concluded on 12 June, 2005 and the provisions therein. A special representative was appointed to file such claims.

Legal action challenging this resolution has been filed by the majority shareholder, UniCredito, especially because it perceived as unclear and much too vague the resolution in terms of content and potential respondents, making the resolution ineffective. This legal action by UniCredito has been dismissed on 4 October, 2007 by the District Court of Munich. UniCredito so far has not been provided with the written reasoning of the judgment. Depending on the arguments used by the court in dismissing the legal action, UniCredito may appeal against this decision.

A part from the aforementioned legal proceedings regarding the effectiveness of the resolution itself, other legal proceedings are pending regarding the rights of the special representative: due to the uncertain outcome of the legal actions filed by UniCredito before 4 October, 2007, the special representative had not been provided with documents or information to the extent requested by him nor has HVB taken other measures requested by the special representative; however without conceding any legal obligation to do so, HVB passed on some of the documents requested by the special representative. The special representative operating under the assumption that the resolution adopted by the AGM on 27 June, 2007 is effective, has applied for a temporary injunction in order to be able to examine potential claims against part of the respondents. The special representative requested the right to (i) access premises, (ii) demand and review documentation, and (iii) obtain information from employees, management and contractual partners. HVB opposed this request. In a hearing on the temporary injunction, the District Court of Munich indicated that the resolution could only partially be valid and that the special representative's requests were too broad. However, the District Court of Munich ruled that the special representative may exercise his disclosure and audit rights according to his sole discretion. HVB appealed against this judgment and requested a stay of the ruling. As of today, the outcome of the proceeding cannot be predicted. The hearing at the Higher Regional Court has been scheduled by the Court for 28 November, 2007.

Exclusion of minority shareholders of HVB AG and other resolutions taken by the AGM on 27 June, 2007
The AGM of HVB on 27 June, 2007 approved the transfer to UniCredito of the shares held by minority shareholders in return for a cash compensation of €38.26 per share by a majority of 98.77% of the votes cast. The same AGM approved the discharge of the members of management board and supervisory board of HVB, while motions to appoint a special auditor were rejected. Beginning in August 2007 more than 100 claims have been filed against said resolutions, especially against the squeeze-out resolution as well as the resolution regarding the discharge of the members of the management board and the supervisory board of HVB. Insofar as minority shareholders raised claims challenging the inadequacy of the cash compensation resolved in the squeeze-out-resolution, HVB believes the claims will be without merit as in this respect the shareholders may demand a higher compensation only in the context of a so-called special award proceeding (Spruchverfahren) only in which the adequateness of the cash compensation is reviewed. Due to the number and variety of claims and arguments as of today the outcome of the claims contesting the various resolutions can not be reliably judged.

Legal proceedings challenging the validity of the financial statements 2006 as a consequence of certain share transfer transactions
The same plaintiffs who filed damage claims before the District Court of Munich, as well as one further shareholder have also served a claim on HVB asserting that the HVB financial statements for fiscal year 2006 are void due to an alleged breach of accounting rules because claims against UniCredito in the amount of €17,35 billion were not recorded. Based on the same considerations as above, HVB believes that the claim challenging the accuracy of its 2006 financial statements will be held to be without merit.

Exclusion of minority shareholders of Vereins- und Westbank AG – award proceedings
The extraordinary shareholders' meeting of Vereins- und Westbank AG (**VuW**) held on 24 June, 2004 approved the transfer of the 2,788,090 shares of VuW's minority shareholders to HVB in exchange for €25.00 per outstanding share of VuW. Various shareholders of VuW initiated legal proceedings at the District Court of Hamburg (Landgericht Hamburg), challenging the validity of this resolution. By way of mutual agreement, HVB – after having joined the action for the purpose of a settlement – increased the cash payment to €26.65 for each outstanding share of VuW. Upon registration of the transfer resolution in the

commercial register of VuW on 29 October, 2004, all shares of the minority shareholders of VuW passed to HVB. However, certain shareholders considered the increased cash payment to be insufficient and filed actions with the District Court of Hamburg (Landgericht Hamburg), asking the court to determine a higher cash compensation in so-called award proceedings (Spruchverfahren). In a decision dated 2 March, 2006, Hamburg Regional Court fixed the compensation at €37.20 per share, notwithstanding the fact that the appropriateness of the original cash compensation had been evaluated and substantiated by external auditors and reviewed by a court-appointed independent auditor. HVB appealed against this decision.

Dispute regarding trade tax allocation with Hypo Real Estate
Hypo Real Estate Bank AG and Hypo Real Estate International AG were members of the HVB trade tax group. On the basis of special rules which were effective until 2001, HVB collected from, as well as refunded to, several subsidiaries which belonged to the trade tax group of HVB or to the trade tax group of its predecessors for the relevant time period trade tax allocations. Hypo Real Estate Bank AG and Hypo Real Estate International AG allege trade tax allocations to their disadvantage in the aggregate amount of €74 million plus interest, and demand to be provided with additional information regarding the calculation of tax allocations and figures applied by HVB until 2001. On the basis of external legal opinions, HVB is of the opinion that the claims will be held to be without merit.

Claw-Back claims by insolvency administrator against HVB as member of a syndicate of banks
In 2002, a corporate customer of HVB filed a petition for insolvency proceedings; following the commencement of such insolvency proceedings, the insolvency administrator asserted claw-back claims against a syndicate of banks of which HVB was a member. HVB accounted for approximately 9.25% of the syndicate's total outstanding credit facilities. The syndicate banks mandated an expert in insolvency law to examine all questions relating to the potential claim of the insolvency administrator; the expert found the legal position of the insolvency administrator not to be very strong and advised the syndicate banks to reject the asserted claims. No court proceedings have been filed yet. Although HVB believes that the aforementioned claims do not have any merit, any legal proceedings initiated by the insolvency administrator, if adversely determined, may result in a maximum liability of HVB in a low triple-digit millions amount in Euro. However at present, the outcome of the claw-back claims is uncertain.

BA-CA
BA-CA and its subsidiaries are involved in various litigation and claims incidental to the normal conduct of its business. Although it is impossible to predict the outcome of any outstanding litigation, BA-CA believes that, except as discussed below, such litigation and claims would not have a material adverse effect on its business or consolidated financial position.

Claims of Austrian consumer protection associations
In June 2002, the European Commission imposed a fine in the amount of approximately €30 million on BA-CA for alleged illegal fixing of interest rates, prices of several banking products for retail customers as well as other terms. Similar fines in an aggregate amount of approximately €94 million were imposed on seven other Austrian banks. BA-CA challenged the imposition and the amount of the fine before the European Court of First Instance which rendered its decision on 14 December, 2006 and upheld the European Commission's decision regarding the fines imposed on seven of eight banks (including BA-CA). BA-CA filed an appeal against this decision to the ECJ. The fine imposed would not materially affect BA-CA's financial position or results of operation even if the ECJ were to reject its appeal.

Certain Austrian consumer protection associations and politicians have announced that they are considering bringing claims for damages against certain banks (including BA-CA) involved in EU proceedings regarding alleged price-fixing that resulted in fines being imposed under Article 81 of the EC Treaty (and which are now under appeal by the banks). BA-CA believes that, as a legal matter, it is uncertain whether a violation of Article 81 of the EC Treaty may give rise to private claims for damages by individual customers or consumer protection associations. As at the date of this Prospectus, no actions have been filed against BA-CA on this basis. BA-CA would consider such actions to be without merit for a variety of reasons. Furthermore, Austrian consumer protection associations have alleged that banks in Austria have been charging their customers excessive interest and fees in contravention of Austrian consumer protection laws. Whether and to what extent such claims are justified depends on the individual circumstances and various legal issues which to date have not been finally resolved by the Austrian courts. In view of the uncertain legal situation, the Austrian Savings Banks Association entered into two settlement arrangements with Austrian consumer protection associations. In order to avoid litigation with customers or consumer

protection associations, BA-CA declared that it will act in accordance with the settlement arrangements. However, other Austrian credit institutions are still involved in civil proceedings, and court decisions rendered against those credit institutions may have adverse consequences for the entire banking industry in Austria. BA-CA believes that the declaration made should largely avoid such adverse consequences for BA-CA. In January 2006, a decision of the Austrian Supreme Court concerning the adjustment of interest rates of savings books was issued against a competitor. Currently the amounts of interest which might have to be refunded cannot be evaluated. No serious risk assessment of a potential litigation against BA-CA can be made at the moment. At present there are no legal proceedings pending against BA-CA in this regard.

Proceedings relating to pension benefit plans
On account of the restructuring of company pensions effected by BA-CA's predecessors in 1999, legal proceedings were instituted against BA-CA by certain former employees. In 1999, Bank Austria AG, the former Creditanstalt AG and other Austrian savings banks outsourced their company pension and retirement benefits plans for employees retiring after 31 December, 1999 to two external pension funds as service providers and at the same time converted them from defined benefits to defined contribution plans. The vast majority of pension rights of active employees of Bank Austria AG and Creditanstalt AG were either outsourced based on company agreements founded on collective settlements in the savings bank sector or based on individually negotiated agreements. For employees whose entitlements to a company pension were outsourced, this meant a conversion of their rights to a company pension from their entry into retirement directly by BA-CA to a right to a share in the investment performance of a pension fund. Bank Austria AG and Creditanstalt AG paid a gross amount of approximately €690 million to the external pension fund in consideration of its assumption of liability for the term of service of affected employees prior to 1 January, 2000, whereas for periods of service on or after such date, Bank Austria AG and Creditanstalt AG agreed to pay current pension fund contributions.

Following the worldwide downturn in the capital markets since 1999 and the resulting failure of pension funds to meet the performance targets assumed within the scope of the outsourcing, there were material reductions in the relevant payments. As a result, legal proceedings against BA-CA were instituted by former employees of Länderbank, Creditanstalt und Villacher Sparkasse, each set of claims thus being subject to different terms. The plaintiffs are still demanding compensation for all suffered losses – current and future – owing to the weak performance of the pension funds, as well as compensation for what they would have been entitled to receive in the absence of the pension rights outsourcing initiative.

In June 2004, the Austrian Supreme Court stated in a test case initiated by the Federation of Austrian Trade Unions against the Federation of Austrian Savings Banks that the transfer of pension obligations to pension funds complied with applicable legal requirements as far as collective agreements were concerned and that there was no obligation on the part of BA-CA to guarantee those employees affected by the transfer a certain amount following their retirement. Nevertheless, BA-CA was mandated to make payments in form of a subsequent allocation to employees who at the time of the transfer were about to retire. In accordance with this obligation, BA-CA made a subsequent allocation of €1.3 million (approximately 0.1% of BA-CA's annual reserve for pensions) to approximately 150 employees who were considered as being about to retire.

However, on account of disagreements about which employees should be included in this category and the method for calculating amounts to be subsequently allocated, legal action was taken against BA-CA by employees as well as by the staff council. BA-CA believes the risks emerging from these proceedings to be low in view of the Supreme Court ruling mentioned above.

Furthermore, there are other legal proceedings against BA-CA that have been instituted by employees who had agreed to the outsourcing of their pension rights on an individually negotiated basis. In the ruling described above, the Austrian Supreme Court did not concern itself with transfers based on individually negotiated agreements. The outcome of these proceedings will also depend on the factual question whether the information given to these former employees of Bank Austria AG and Creditanstalt AG prior to the outsourcing of their pension rights meets the criteria the Supreme Court will apply to assess the duty to furnish information. As any such determination depends on the particular circumstances and experience of each employee affected. Therefore, no general statement on the outcome of the proceedings is possible at this time.

In the meantime, a number of the cases dealing with the employees' claims have been decided upon in favour of BA-CA, some in the first instance and others in the second instance. There are still some remaining

uncertainties concerning the interpretation of the judgments in these proceedings of former employees, and therefore adequate provisions will be recorded.

Treuhandanstalt litigation
Long pending litigation exists involving purported claims of Treuhandanstalt, the predecessor of *Bundesanstalt für vereinigungsbedingte Sonderaufgaben* (**BvS**), against Bank Austria (Schweiz) AG, a former subsidiary of BA-CA. One of the claims in the proceedings, which were initiated by a claim lodged on 29 June, 1994 at the Zurich district court, is that Bank Austria (Schweiz) AG participated in the embezzlement of funds of two companies based in the former German Democratic Republic (the **GDR**). BvS seeks damages in the amount of approximately €128 million plus interest. BA-CA would be liable for the obligations of its former subsidiary. The proceedings before the Zurich district court were suspended in 1997 pending a final decision by the German administrative courts as to whether the appointment of BvS as a trustee for the companies based in the GDR was legal. Following the final decisions of the German administrative courts concerning the legality of BvS acting as a trustee for the companies based in the GDR, the Swiss proceedings have been resumed. Although Swiss courts are not bound by decisions of German administrative courts and will independently assess and decide the preliminary questions at issue, BA-CA still believes that the claims against its former subsidiary are without merit.

Capitalia
In the 12 months prior to the date of this document, Capitalia has not been a party to any administrative, legal or arbitration proceedings (including any pending or future proceedings of which Capitalia is aware) which, in the opinion of Capitalia's management, may have, or have had in the recent past, a material adverse effect on the financial results of Capitalia and/or the Capitalia Group.

The following section provides information on significant criminal proceedings involving certain former directors and managers of Capitalia.

Capitalia/Cirio – Court of Rome
Between the end of 2003 and the beginning of 2004, certain members of the board of directors and managers of Banca di Roma were named defendants in pending criminal proceedings before the Court of Rome, relating to the default of the Cirio Group. They are charged with fraud and complicity in fraudulent bankruptcy. During April 2006, certain managers of Capitalia were notified that they were to be committed for trial. Cirio's temporary receiver and certain note-holders have joined the proceedings claiming damages, but the judge for the preliminary hearing has denied their claim of civil liability against Capitalia.

In April 2004, the temporary receiver of Cirio Finanziaria S.p.A., notified Mr. Sergio Cragnotti, the former managing director of Cirio, and various banks including Capitalia and Banca di Roma of proceedings to obtain a judgment declaring the invalidity of an allegedly illegal agreement with Cirio S.p.A., for the sale of the dairy company Eurolat to Dalmata S.r.l, an affiliate of Parmalat. Following various events related to such proceedings, such as the change of the procedure, its suspension and the final resumption of the proceeding in May 2005, at the hearing held on 28 May, 2007, the Court rejected Cirio's requests to produce further evidence and the case was submitted to the judge for decision.

Capitalia and Banca di Roma are also defendants in the proceedings relating to Cirio's bonds described in "*Legal Proceedings – UniCredito – Cirio*". The Capitalia management believed that the plaintiffs' claims are substantially without merit and did not make provisions to cover for the potential risks arising from these cases, also in consideration of the fact that the lawsuits are not in the preliminary phase yet.

Capitalia/Cirio – Court of Milan
Certain members of the board of directors of the former Banca di Roma were put under investigation by the Public Prosecutor of Milan for alleged fraud in connection with the issue of Cirio bonds. The Public Prosecutor has not formalised any indictment or committal for trial to date.

Court of Parma – Declaration of insolvency of the Parmalat Group
Certain former members of the board of directors and managers of Capitalia Group banks were put under investigation by the Parma Public Prosecutor as part of an inquiry into the default of the Parmalat Group. The investigation resulted in three different proceedings which relate to three transactions made by Parmalat: the "Eurolat" proceedings, which relate to the acquisition of the Cirio Group's dairy business, the "Ciappazzi" proceeding, which relates to the acquisition of Ciappazzi's mineral water business, and the "Parmatour" proceeding, involving certain managers of Bipop Carire, Banca di Roma and MCC for the

financing of HIT S.p.A., jointly with certain managers of the Parmalat Group. The charges are contribution to bankruptcy in the first case, complicity in bankruptcy and usury in the second case, and fraud and complicity in bankruptcy in the third case. In relation to "Eurolat", the public prosecutor has formalised a request for dismissal concerning some individuals involved. In relation to "Ciappazzi", the public prosecutor has formalised a request of committal for trial. The judge for the preliminary hearing has decided to commit Capitalia for trial, as a party allegedly responsible for damages.

Capitalia, Banco di Sicilia, MCC, and Banca di Roma were named as defendants in the "Ciappazzi" proceeding, and Capitalia was named as defendant in the "Parmatour" proceeding, in each case as parties allegedly responsible for civil liability.

Pursuant to Articles 26 and 109 of Legislative Decree N. 385/1993 (the **Consolidated Banking Law**) and Article 5 of Ministerial Decree of the Treasury N. 516/1998, the members of the board of directors of banks, in order to qualify for election to the post, must meet certain requirements as to their professional competence (*professionalità*), honorableness (*onorabilita*) and independence (*indipendenza*). In case of lack or loss (e.g. due to criminal judgment) of these requirements, the members can no longer carry out their office and the board of directors must declare their removal from their office. In this event, the matter is brought to the attention of the next shareholders' meeting for its decision, which can resolve to re-establish the former directors or appoint new ones. On 22 February, 2006, Mr. Geronzi, the former chairman of the board of directors of Capitalia received a suspension order from carrying out his office into the board of Capitalia, by the Court of Parma in relation to the "Ciappazzi" and "Parmatour" proceedings. The board of directors of Capitalia, as a consequence, declared his removal from the board of directors pursuant to the provisions of the Consolidated Banking Law. Subsequently, on 20 April, 2006, the shareholders' meeting of Capitalia re-established the chairman to his office. Mr. Geronzi did not become a director of UniCredito following the Merger.

Over time, companies belonging to the Capitalia Group extended lines of credit to Parmalat. Following the declaration of insolvency of Parmalat, Capitalia commenced making provisions to cover for the potential losses on its exposure that may result following the bankruptcy proceeding. At 31 December, 2006, Capitalia's net exposure to Parmalat for these loans was approximately €112 million, after write-downs of €83 million.

In December 2004, Parmalat's temporary receiver commenced claw-back proceedings against Banca di Roma, Bipop Carire and MCC, together with numerous other Italian and foreign banks, including banks belonging to the Group, in relation to alleged voidable preferences with respect to payments received from Parmalat prior to its default. See also "*Business – Legal Proceedings – UniCredito*". The Capitalia management, after consultation with counsel, believed the claims groundless and made no provisions to cover for the potential risk, also in consideration of the early stages of the proceedings.

Banca di Roma is also a defendant in the claim for damages brought by Parmalat in temporary receivership in which it is alleged that Capitalia and other banks, including UniCredit Banca d'Impresa, contributed to artificially keep Parmalat in business despite its evident stale of financial distress, thereby exacerbating it. See also "*Business – Legal Proceedings – UniCredito*". The Capitalia management believed the claim to be groundless and decided not to make provisions, also in consideration of the fact that the proceeding is not yet in its preliminary phase, during which the parties acquire initial knowledge of the judge's consideration of the defense's arguments.

Court of Brescia. Declaration of Insolvency of Italcase Berlelli Group
On 7 December, 2006, the Court of Brescia issued its judgment in connection with the Italcase Bertelli Group default, a criminal proceeding which involved certain members of the board of directors and managers of Banca di Roma as defendants. Those individuals were charged with complicity in "preferential" bankruptcy and "simple" bankruptcy. The Court of Brescia convicted Mr. Geronzi, the former Chairman of Capitalia and another Capitalia director for the alleged crimes. The board of directors therefore suspended them from their office pursuant to Articles 26 and 109 of the Consolidated Banking Law. The shareholders meeting of Capitalia, on 19 April, 2007, re-established them to their previous offices. Neither one became a member of UniCredito's board of directors.

CORPORATE OBJECTS

The purpose of UniCredito, as set out in Article 4 of its articles of association, is to engage in deposit-taking and lending in its various forms, in Italy and abroad, operating in accordance with prevailing norms and practice, and to execute all permitted transactions and services of a banking and financial nature. In order to achieve its corporate purpose, UniCredito may engage in any activity that is instrumental or in any case related to its banking and financial activities, including the issue of bonds and the acquisition of shareholding in Italy and abroad.

MAJOR SHAREHOLDERS

As at 31 October, 2007, UniCredito's issued and paid-up capital totalled €6,681,330,190.50 and was made up of 13,362,660,381 shares of €0.50 each, including 13,340,953,829 common shares and 21,706,552 savings shares.

As at 31 October, 2007, the main shareholders were as follows:

MAIN SHAREHOLDERS

Fondazione Cassa di Risparmio Verona, Vicenza, Belluno e Ancona	3.896%
Fondazione Cassa di Risparmio di Torino	3.758%
Gruppo Münich Re	3.745%
Carimonte Holding S p. A.	3.339%
Gruppo Allianz	2.392%

** As a percentage of common capital. UniCredito's by-laws set a limitation on voting rights at 5% of voting capital.*

MATERIAL CONTRACTS

Shareholders' Agreements

Schemaventotto S.p.A.: UniCredito holds a shareholding equal to 6.67% of Schemaventotto S.p.A. (**Schemaventotto**), a holding company which, in its turn, as at 31 October, 2007 holds a stake equal to 50.1% of the company Autostrade S.p.A. (a company whose principal activities are the construction and operation of toll motorways and tunnels under licence within Italy and abroad) whose shares are listed on the Milan Stock Exchange. The other shareholders of Schemaventotto and their respective stakes are as follows: Edizione Finance International S.A. (60%), Fondazione Cassa di Risparmio di Torino (13.33%), Acesa Italia S.r.l. (13.33%) and Assicurazioni Generali S.p.A. (6.67%). All shareholders have entered into a shareholders' agreement in order to ensure the stability and the uniformity of the management decisions connected with Schemaventotto and in order to guarantee to their controlled company, Autostrade S.p.A., the stability required to proceed with the development of the company.

Such shareholders' agreement, which will expire on 31 December, 2007, deals with the corporate governance of Schemaventotto (composition of the corporate bodies and quorum required for resolutions of the shareholders' meeting and of the board of directors) and of its controlled company Autostrade (composition of the corporate bodies). It also provides for an undertaking on the part of the shareholders to avoid behaviours which might increase the risk of promoting a takeover bid on the remaining share capital of Autostrade S.p.A. The shareholders' agreement also sets out the walk away provisions that the shareholders may exercise in the period preceding the expiry of the shareholders' agreement itself.

PRESENTATION OF FINANCIAL INFORMATION

Until 31 December, 2004, UniCredito maintained its books and records and prepared its financial statements in euro in accordance with Italian accounting principles prescribed by applicable Italian law, Legislative Decree no. 87 of 1992 and Bank of Italy regulation no. 166 of 1992, as supplemented by the accounting principles issued by the *Consiglio Nazionale dei Dottori Commercialisti* and the *Consiglio Nazionale dei Ragionieri* (collectively, accounting principles generally accepted in Italy or **Italian GAAP**). Since the financial year beginning on 1 January, 2005, UniCredito has reported its consolidated financial information in accordance with the IFRS, as prescribed by European Union Regulation no. 1606 of 19 July, 2002.

European Union Regulation no. 1606 of 19 July, 2002 requires that, starting in 2005, all European Union companies having equity securities listed on a European stock exchange adopt international financial

reporting standards (**IFRS**) (known as international accounting standards, or IAS, until May 2002) in the preparation of their consolidated financial statements. Standards introduced prior to the renaming of IAS as IFRS are still referred to as IAS; the combined body of IAS and IFRS standards is referred to as "IFRS". The same European Union Regulation also provides a mechanism for inclusion (**endorsement**) of the IFRS into the European Union's body of laws. Accordingly, pursuant to Regulation no. 1725 of 29 September, 2003, the IFRS and their respective interpretations were officially adopted as of 19 July, 2002.

IFRS standards relating to financial reporting have been implemented in Italy pursuant to Legislative Decree No. 38 of 28 February, 2005 (the **IFRS Decree**) and require Italian listed companies, banks, insurance companies and financial services companies to prepare consolidated financial statements (effective from 2005) and non-consolidated financial statements (effective from 2006) in accordance with IFRS. The introduction of IFRS will result in a significant change in the way companies' results and balance sheets are presented. Current Italian accounting principles, which are based on historical cost, are governed mainly by criteria whose purpose is to show financial results actually realised and that can be distributed. The goal of IFRS, however, is to provide information aimed mainly at investors, presenting changes in the economic value of company capital.

In April 2005, CONSOB revised Articles 81 and 82 of the regulations concerning issuers (CONSOB Regulation no. 11971/99, as amended) regarding quarterly and half-yearly reports, respectively, and amended the issuer regulations to cover the transition mechanism for 2005 (Articles 81-*bis* and 82-*bis*). In particular, this mechanism enabled gradual implementation of IFRS for quarterly and half-yearly reports in 2005.

The Group's audited annual consolidated financial statements as of and for the year ended 31 December, 2004 and its unaudited consolidated financial statements as of and for the six months ended 30 June, 2005 were prepared in accordance with Italian GAAP as applicable at the time of the preparation of the respective consolidated financial statements, including the notes thereto, incorporated by reference in this Prospectus.

The Group prepared its consolidated financial statements for the financial year ending 31 December, 2005 and its interim report in accordance with IFRS.

Management of UniCredito

BOARD OF DIRECTORS

The board of directors of UniCredito (the **Board**) is responsible for the ordinary and extraordinary management of UniCredito and the Group. The Board may delegate its powers to one or more managing directors.

The Board is elected by UniCredito's shareholders at a general meeting for a term of three years, unless a shorter duration is designated upon appointment, and directors may be re-elected following the expiration of their terms. The Board consists of nine to twenty-four directors.

The current Board is composed of twenty-three members. The Board may also appoint, in lieu of or in addition to the managing directors, one chief general manager and one or more deputy general managers (and determines their responsibilities and term of office). The Board has appointed Mr. Alessandro Profumo as Managing Director and Chief Executive Officer. It has also appointed Messrs de Fiorentino, Ermotti, and Nicastro as deputy chief executive officers. The following table sets forth the name, age, position and year of appointment of the current members of the Board:

Name	Age	Position	Year First Appointed
Dieter Rampl	60	Chairman	2005
Gianfranco Gutty (*}	69	Deputy Chairman (Vicarious)	2005
Franco Bellei	62	Deputy Chairman	2002
Fabrizio Palenzona	53	Deputy Chairman	1999
Berardino Libonati (*)(**)	73	Deputy Chairman	2007
Anthony Wyand (**)	63	Deputy Chairman	1999
Alessandro Profumo	49	Managing Director/Chief General Manager/CEO	1999
Enrico Tommaso Cucchiani	57	Director	2007
Dr Manfred Bischoff (**)	63	Director	2005
Vincenzo Calandra Buonaura (**)	59	Director	2002
Donato Fontanesi (*)**)	64	Director	2007
Salvatore Ligresti (*){**)	75	Director	2007
Salvatore Mancuso (*)(**)	58	Director	2007
Francesco Giacomin (**}	55	Director	2000
Piero Gnudi	69	Director	2002
Friedrich Kadrnoska (**)	56	Director	2005
Max Dietrich Kley (**)	66	Director	2005
Luigi Maramotti (**)	51	Director	2005
Antonio Maria Marocco (**)	73	Director	2007
Carlo Pesenti (**)	44	Director	2002
Dr Hans-Jurgen Schinzler (**)	67	Director	2005
Franz Zwickl (**)	53	Director	2007
Dr Nikolaus von Bombard	51	Director	2005

(*) Director appointed after the merger with Capitalia

(**) Independent Directors

The business address for each of the foregoing directors is UniCredito Italiano S.p.A., Piazza Cordusio 2, Milan, Italy.

Dieter Rampl was appointed chairman of the Board of UniCredito in 2005. Prior to that, beginning in 1998, Mr. Rampl worked for HVB where he served as a member of the board of managing directors and, from 2003 onwards, as Chairman of the board of managing directors. From 1983 to 1998, Mr. Rampl held several posts at BHF Bank including senior vice president and manager of its New York branch, general manager for domestic and international corporate business and general manager for corporate finance. He currently is chairman of the supervisory boards of Koenig & Bauer AG and Bayerische Borse AG, and deputy chairman of the supervisory board of Mediobanca S.p.A. Mr. Rampl holds a degree in economics from the University of Munich.

Alessandro Profumo was appointed director of Credito Italiano, the predecessor company, in 1994 and managing director and chief executive officer of UniCredito in 1999. Prior to that, Mr. Profumo worked for prestigious consultancy firms and, starting in 1991, joined RAS – Riunione Adriatica di Sicurtá as general manager with responsibility for the banking and related sectors. He joined Credito Italiano in 1994 as its deputy general manager in charge of Planning and Group Control, and he became chief general manager in 1995 and chief executive officer in 1996. Mr. Profumo has held numerous posts within the Group and is currently the chairman of UniCredit Banca and a member of the board of directors and of the executive committee of Mediobanca – Banca di Credito Finanziario. He is also a member of the supervisory board of Deutsche Borse and a member of the executive Board of the Association for the Development and Study of Banks, (the Institut International d'Etudes Bancaires), and of the executive board of AIRC – Italian Association for Cancer Research. Mr. Profumo holds a degree in business economics from the Luigi Bocconi Business University of Milan.

Gianfranco Gutty was appointed deputy chairman of the Board in 2005. Mr. Gutty is also a member of the boards of directors of ABI and UniCredit Banca. He is also the chairman of Assindustria Gorizia, a member of the supervisory board of Bank Medici AG and a former President of IRIS – Isontina Reti Integrate e Servizi. Mr. Gutty holds a degree in economics, *honoris causa*, from the University of Trieste.

Franco Bellei was appointed deputy chairman of the Board in 2002. Mr. Bellei is a management consultant and a chartered accountant. From 1996 to 2002, Mr. Bellei was the managing director of Rolo Banca 1473. Mr. Bellei is the chairman of Private Leasing and a member of the board of directors of Nomisma S.p.A. Mr. Bellei is a member of the boards of directors of ABI and UniCredit Banca. He has also been a member of the boards of directors of Carimonte Holding, S+R Investimenti e Gestioni and UniCredit Private Asset Management. Mr. Bellei holds a degree in biology from the University of Modena and a degree in sociology from the University of Urbino.

Fabrizio Palenzona was appointed as deputy chairman of the Board in 1999. Mr. Palenzona is the chairman of each of Aviva Italia S.p.A., FAISERVICE Scarl and Norman 95 S.p.A., and the former chairman of Commercial Union S.p.A. Among other posts, he is also a member of the board of directors of ABI and the chairman of Conftrasporto, the Italian association for transport. He has also been Vice Chairman of Confcommercio, the Italian association for commerce and tourism. Mr. Palenzona is also a member of the boards of directors of UBM, Rete Autostrade Mediterranee S.p.A., Schemaventotto and ADR S.p.A. and a member of the supervisory board of Mediobanca S.p.A. Mr. Palenzona holds a degree in Law from the University of Pavia.

Berardino Libonati was appointed as deputy chairman of the Board in 2007. Prior to that, he was the chairman of Alitalia S.p.A. from February 2007 to July 2007, the chairman of Swiss Re Italia S.p.A. from 1996 to 2006, a director of Nomisma S.p A. from 2003 to 2007 and a director of Mediobanca S.p.A. from 2001 to 2007. Mr. Libonati was also the chairman of TIM – Telecom Italia S.p.A. from 1998 to 1999, the chairman of Finnat Euramerica SIM S.p.A. from 1995 to 1997, the chairman of the Banco di Sicilia S.p.A. from 1994 to 1997 and statutory auditor for ENI S.p.A. from 1992 to 1995. He has also served as the chairman of Banca di Roma S.p.A. since 2002, as a director of ESI – Edizioni Scientifiche Italiane S.p.A. since 2003, director of Pirelli S.p.A. since 2005 and as a director of RCS Media Group S.p.A. since 2006. Mr. Libonati has also served as the president of the Unidroit – *Institut pour l'unification du Droit Privé* and as a professor of Corporate and Business Law at University of Rome "La Sapienza" since 1981. He holds a Degree in Law.

Anthony Wyand was appointed as a member of the Board in 1999. Previously Mr. Wyand worked for Aviva as an executive director and is a member of its board of directors. In addition to numerous other posts, Mr. Wyand is a member of the board of directors of Société Générale, Société Foncière Lyonnaise S.A. and Grosvenor Group Limited. Mr. Wyand holds a BA Degree from the Royal Military College of Canada and an MA Degree from King's College, London University.

Enrico Tommaso Cucchiani was appointed member of the Board in 2007. He currently holds several posts inside the Allianz Group. He also serves as a member of the boards of directors of Illy Caffé S.p.A., Pirelli S.p.A., and Editoriale FVG S.p.A. Mr. Cucchiani is the chairman of Acit S.p.A., RAS Holding BV and Lloyd Adriatico S.p.A., and the CEO of RAS S.p.A. In 2005, he joined the International Executive Committee of Allianz and in 2006, the board of management of Allianz SE. In 1996, he became the general director of Lloyd Adriatico and in 1998 he became its managing director and CEO. He has also worked for

McKinsey as an advisor for Merrill Lynch and Chase Manhattan Bank. Mr Cucchiani holds a degree in economics from the Bocconi University of Milan.

Manfred Bischoff was appointed as a member of the Board in 2005. Mr. Bischoff is a member of the board of directors of NNC/NNL and member of the supervisory boards of Fraport AG, Royal KPN N.V., SMS GmbH and Vaith AG. Beginning in 1976, Mr Bischoff has held several offices in DaimlerChrisler AG (formerly Mercedes-Benz), where he remains a member of the supervisory board. These positions have included vice president, CFO and membership on the board of directors of Mercedes-Benz do Brasil and the company's management board. Mr. Bischoff holds degrees in law and economics from the Universities of Tubingen and Heidelberg and a masters degree in economics from the University of Tubingen.

Vincenzo Calandra Buonaura was appointed member of the Board in 2002. From 1996 to 2002, Mr. Calandra Buonaura was a member of the Board of Rolo Banca 1473. He is a professor of company law at the University of Modena. In addition, Mr. Calandra Buonaura is a member of the boards of directors of Carimonte Holding S.p.A. and Credito Emiliano S.p.A. He is also a member of the supervisory board of BA-CA. Mr. Calandra Buonaura holds a law degree from the University of Modena and is a practicing licensed attorney.

Donato Fontanesi was appointed member of the Board in 2007 and prior to that, he was a member of the board of directors of Capitalia. He is president of the foundation COOPSETTE, and is currently a member of the board of directors of Holmo S.p.A., Ariete S.p.A., C.C.P.L. Consorzio, Parco S.p.A. and FinecoBank S.p.A.

Salvatore Ligresti was appointed member of the Board in 2007 and prior to that, he was a member of the board of directors of Capitalia. He is honorary chairman of several listed companies and in particular of Fondiaria-SAI S.p.A., Milano Assicurazioni S.p.A., Immobiliare Lombarda S.p.A., Premafin Finanziaria S.p.A. and chairman of the supervisory board of Atahotels S.p.A. Mr. Ligresti is also involved in the management of non-profit institutions, as member of the board of Fondazione Cerba, honorary chairman of Fondazione Fondiaria-SAI and chairman of Fondazione Gioacchino e Jone Ligresti. He holds a degree in civil engineering from the University of Padova.

Salvatore Mancuso was appointed member of the Board in 2007 and is currently chairman and CEO of Equinox Management SA (Luxembourg), member of the board of Intercos S.p.A. and chairman of Banco di Sicilia. Since 2000, he has been general partner of Equinox Investment Company S.C.P.A. (Luxembourg) and Equinox Two S.c.p.A. (Luxembourg) Investment Companies, both active in the private equity field with focus in manufacturing and services sectors. He is also involved in the management of several other manufacturing companies. He was a member of the board of SNAI S.p.A. and Sediver S.p.A., both listed companies. From 1996 to 1998, Mr. Mancuso was the chairman and CEO of Santavaleria – Società di Partecipazioni Industriali S.p.A., from 1992 to 1995 CEO of the Gerolimich – Unione Manifatture Group and from 1984 to 1991 he was the CEO at Rodriguez S.p.A. From 1970 to 1984 he worked as manager of Banca Sicilcassa. He was member of the board of Capitalia until 3 August, 2007.

Francesco Giacomin was appointed member of the Board in 2000. Mr. Giacomin was the managing director of ACEGAS-APS S.p.A., member of the board of directors and executive committee of Interporto di Padova S.p.A., member of the board of directors of ABI and Elettrogas S.p.A. He currently serves as member of the board of Naonis Energia S.r.l., member of the board of Sviluppo Industriale Parks S.r.l. and CEO of IES. Co S.r.l. Mr. Giacomin holds a degree in law.

Piero Gnudi was appointed member of the Board in 2002. From 1996 to 2002 Mr. Gnudi was deputy chairman of the Board of Rolo Banca. He is currently the chairman of ENEL S.p.A. and M.A.I.E. S.p.A. He is also CEO of Carimonte Holding S.p.A., a member of the board of directors of ALFA WASSERMAN S.p.A., D&C Compagnia di Importazione Prodotti Alimentari, Dolciari, Vini e Liquori S.p.A. and Gallotti S.p.A. In addition, he is chairman of the board of statutory auditors of Marino Golinelli &C. S.p.A., and Aequafin S.p.A. He was the chairman of Rai Holding, managing director of UniCredit Banca d'Impresa and a member of the board of WIND, Il Sole 24 Ore and UniCredit Banca. In addition, Mr. Gnudi also served as a member of the board of Liquidators of Filippo Fochi. Mr. Gnudi holds a degree in economics and is a *dottore commercialista*.

Friedrich Kadrnoska was appointed member of the Board in 2005. From 2002 to 2004, Mr. Kadrnoska was member of the board of BA-CA. He is vice-chairman of the supervisory board of Wiener Börse AG and

chairman of the supervisory board of Wienerberger AG, VISA – Service Kreditkarten AG, Österreichisches Verkehrsboro AG, Wiener Privatbank Immobilieninvest AG, and Allgemeine Baugesellschaft – A.Porr AG, and a member of the supervisory board of Convert Immobilieninvest AG, Porr Projekt und Hochbau AG, Porr Technobau und Umwelt AG. In addition, he serves as director of VISA Europe Limited Board Member and is a member of the executive board of Privatstiftung zur Verwaltung von Anteilsrechte. He also serves as chairman of the supervisory board of Infineon Technologies AG and SGL Carbon AG and as a member of the supervisory board of Schott AG and HeidelbergCement AG. Mr. Kadrnoska was also chairman of the supervisory board of Adria Bank AG, Wienerberger AG, RUFA Reisen AG and Adria Bank AG. Mr. Kadrnoska is a director of the VISA Europe Limited Board. Mr. Kadrnoska holds a degree in economics and business administration from the University of Vienna.

Max Dietrich Kley was appointed member of the Board in 2005. Since 2003, Mr. Kley has been a member of the supervisory board of BASF AG. Prior to that, Mr. Kley has held several posts at BASF AG, including CFO, President of the Energy and Coal division and chairman of the board of executive directors. He is also currently chairman of Deutsches Aktieninstitut e.V. and of the Stock Exchange Expert Commission. He also serves as chairman of the supervisory boards of Infineon Technologies AG and SGL Carbon AG and as a member of the supervisory boards of Schott AG and HeidelbergCement AG. Mr Kiey holds a degree in Law.

Luigi Maramotti was appointed member of the Board in 2005. Mr. Maramotti is the vice chairman of the Max Mara Fashion Group and holds posts as director of financial and industrial companies, including Credito Emiliano S.p.A., Cofimar S.r.l., and Abaxbank S.p.A., Credem Assicurazioni S.p.A., Credem Vita S.p.A, Grosvenor Continental Europe SAS. He is also vice chairman of Credito Emiliano Holding S.p.A., Max Mara Finance S.r.l., Max Mara S.r.l., Marella S.r.l. and Marina Rinaldi S.r.l. Mr. Maramotti holds a degree in economics from the University of Parma and a masters degree from the University of Rochester, N.Y.

Antonio Maria Marocco was appointed member of the Board in 2007. He has been notary public in Turin since 1963. Mr. Marocco has been a member of the board of Società Reale Mutua Assicurazioni since 1986, of Società Reale Immobili S.p.A. and IFIL – Finanziaria Partecipazioni S.p.A., where he is also chairman of the audit committee. He has served as a member of the board of Banca SANPAOLO IMI S.p.A. and as advisor to Fondazione Cassa di Risparmio di Torino. He holds a law degree from the University of Turin.

Carlo Pesenti was appointed member of the Board in 2002. Mr. Pesenti is the chief operating officer of Italmobiliare S.p.A., and CEO of Italcementi S.p.A. Mr. Pesenti is also a member of the board of Mediobanca – Banca di Credito Finanziario S.p.A. He is also a director and member of the executive committee of the RCS MediaGroup. He is vice-chairman of Bravo Solution and of Ciment Français S.A. Mr. Pesenti holds a degree in mechanical engineering from the University of Milan and a masters degree in economics and management from the Bocconi University of Milan.

Hans-Jürgen Schinzler was appointed member of the Board in 2005. Prior to that, from 1969, he worked at Munich Reinsurance Company, where in 2004, he was appointed chairman of the supervisory board after having served since 1993 as chairman of the management board. He served as a member of the supervisory board of Deutsche Telekom AG and Bonn Metro AG. He is currently CEO of Münchener Rückversicherungs-Gesellschaft. Mr. Schinzler holds a degree in law from the Universities of Munich and Würzburg.

Franz Zwickl was appointed member of the Board in 2007. He is currently chairman of the supervisory board of many different companies, and in particular of Conwert Immobilien Invest AG, ECO Business-Immobilien AG, Wiener Privatbank Immobilien Invest AG. He is also a member of the supervisory board of Österreichische Kontrollbank AG, Österreichisches Verkehrsbüro AG, VISA-SERVICE Kreditkarten AG, ING-DiBa AG, Frankfurt. Mr. Zwickl is managing director of several asset management companies and a member of the board of directors of various Austrian private foundations.

Nikolaus von Bomhard was appointed member of the Board in 2005. Mr. von Bomhard is the chairman of the supervisory board of Münchener *Rückversicherungs-Gesellschaft*. Prior to that, he served as a member of Munich Reinsurance Company's board of directors and head of Munich Reinsurance's office in Brazil. Mr. von Bomhard holds a degree in law from the Universities of Munich and Regensburg.

Senior Management

The Board appoints the top executives who are responsible for managing the day-to-day operations, as directed by the Managing Director/Chief General Manager/CEO.

Alessandro Profumo	Managing Director, General Manager and Chief Executive Officer
Ranieri de Marchis	Chief Financial Officer
Paolo Fiorentino	Deputy CEO and Head of Global Banking Services Division
Sergio Ermotti	Deputy CEO
Edoardo Spezzotti	Head of Markets & Investment Banking Division
Dario Frigerio	Head of Private Banking & Asset Management Division
Erich Hampel	Head of Central Eastern Europe (CEE) Division
Federico Ghizzoni	Head of Poland's Market Division
Roberto Nicastro	Deputy CEO and Head of Retail Division
Vittorio Ogliengo	Head of Corporate Division
Henning Giesecke	Chief Risk Officer (CR.O)
Mark Beckers	Head of Group Identity & Communications
Rino Piazzolla	Head of Human Resources Strategy Division
Wolfgang Sprißler	Head of German Region Strategic Advisory Staff
Maurizia Angelo Comneno	Head of Compliance & Corporate Affairs

Ranieri de Marchis joined the Group as Chief Financial Officer in 2003. Prior to that, since 1990, he has worked with General Electric where he held several posts and in 2001 was appointed vice president, chief financial officer of the General Electric, Oil & Gas Division. From 1987 to 1988, Mr. de Marchis worked for Italcable and from 1988 to 1990 for Procter & Gamble. Mr. de Marchis holds a degree in economics and a masters in business administration from INSEAD, Fontainbleau.

Paolo Fiorentino was appointed Deputy CEO in 2007 having joined the Group as Head of the Global Banking Services division of UniCredito in 2004. Prior to that, since 2003 he has been deputy general manager and head of the New Europe Division. Since 1981, he has held several posts with Credito Italiano. Mr. Fiorentino holds a degree in economics.

Sergio Ermotti was appointed Deputy CEO of the Group in 2007. Prior to that he was general manager and head of the Markets & Investment Banking Division of UniCredito from 2005 to 2007. Since 1987, he has worked with Merrill Lynch & Co., where he held several posts, and from 2001 to 2003 served as senior vice president and co-head of Global Equity Markets. From 1985 to 1987, Mr. Ermotti worked for Citibank NA in Zurich. Mr. Ermotti holds a Swiss Certified Banking Expert diploma.

Edoardo Spezzotti was appointed head of the Markets & Investment Banking Division in 2007. Prior to that Mr. Spezzotti acted as advisor to the Group while working at Goldman, Sachs & Co, Merrill Lynch and since 2004 as an independent advisor. He has worked for Merrill Lynch as co-head of Investment Banking, Italy country head, chairman of the Investment Banking Operating Committee, chairman of the Family Enterprise Group and head of the Private Investment Bank for Europe, Africa and Middle East Region. He has also worked for KMPG and the Montedison Group. He holds a degree in economics from Trieste University.

Dario Frigerio was appointed Head of the Private Banking & Asset Management division of UniCredito in 2004 and he is also the managing director of PGAM. Previously, Mr. Frigerio worked for various divisions of Credito Italiano, for CreditRolo Gestioni S.p.A., for EuroPlus Investment Management Ltd and, from 2000 to 2001, was the managing director of Pioneer Investment Management. Mr. Frigerio holds several posts within

the Pioneer group and is a Member of the Associazione Italiana Analisti Finanziari and a member of the executive board of Assogestioni. Mr. Frigerio holds a degree in economics from the Luigi Bocconi University of Milan.

Erich Hampel was appointed Head of Central Eastern Europe (CEE) Division of UniCredito in 2006. Prior to that, since 1997, Mr Hampel has worked with BA-CA and served as a member of its management board since 2000 and as its managing director since 2004. From 1977 to 1997, Mr. Hampel has worked for Osterreichische Postsparkasse. Mr. Hampel holds a degree in social sciences and economics.

Federico Ghizzoni was appointed Head of Poland's Market Division of UniCredito in July 2007. He joined UniCredito in 1980 at Piacenza's branch as customer relations manager, as head of Credit & Marketing Department and as Branch Director. He was also deputy general manager of UniCredito's London office, office general manager for UniCredito in Singapore. From 2000 to 2002 Mr. Ghizzoni worked as executive director responsible for Corporate and International Banking and as member of the supervisory board at Bank Pekao S. A. After the acquisition by KFS of Yapi Kredi he became the COO & executive board member of KFS and COO and vice-chairman of Yapi Kredi. He holds a law degree from the University of Parma.

Roberto Nicastro was appointed deputy CEO in 2007 and head of the Retail division of UniCredito in 2003 and he is also the managing director of UniCredit Banca. Mr. Nicastro joined Credito Italiano in 1997 and, in 2001, became deputy general manager in charge of the New Europe Division. Previously, from 1989 to 1991. Mr. Nicastro worked for Salomon Brothers and from 1991 to 1997 for McKinsey & Co. He is deputy chairman of UniCredit Servizi Informativi S.p.A. and Clarima Banca and managing director of Banca d'Impresa. Mr. Nicastro holds a degree in economics.

Vittorio Ogliengo was appointed head of Corporates Division of UniCredito in 2005. Prior to that, since 1994, he has worked for the Barilla group where he held several posts and in 2003 was appointed chief executive officer and chief financial officer of Barilla Holding. Previously, from 1988 to 1994, Mr. Ogliengo has worked for FIAT S.p.A. where he had senior management responsibility. From 1985 to 1988 he has worked with Citibank N.A. and from 1983 to 1985 for PricewaterhouseCoopers. Mr. Ogliengo holds a degree in economics.

Henning Giesecke was appointed chief Risk Officer of UniCredito in 2006. Previously, from 1985 to 1998 he held several posts within Hypo Bank. In 1998 Mr Giesecke joined the HVB Group where he served, among other positions, as member of the divisional board and chief credit risk officer. Mr. Giesecke holds a degree in economics.

Mark Beckers was appointed head of Group Identity & Communications in 2006. He started his career in communication and brand management in 1979 at GM and, after the period from 1987 to 1989 when he worked as director of External Relations division for Renault Belgium/Luxembourg, he rejoined GM in 1989 until 2006 working as director of Global Product and Brand Communications division at GM Corporation in Detroit and as deputy chairman of Communication division at GM Europe in Zurich. He holds a degree in communications sciences from Hibo Business School in Ghent, Belgium.

Rino Piazzolla was appointed head of Human Resources Strategy Division of UniCredito in 2005. Prior to that, from 1997, he has worked with General Electric where he worked in Human Resources for the Oil & Gas Division and, from 1999, as Global Human Resources Corporate vice president. From 1993 to 1997 he worked for PepsiCo and from 1981 to 1993 for Johnson Wax. Mr. Piazzolla holds a degree in philosophy.

Wolfgang Sprißler was appointed Head of German Region Strategic Advisory Staff of UniCredito in 2006. Prior to that, from 1976, he worked for the HVB Group where he held several posts and has served as chief financial officer from 1996 to 2006. Since 2006 he has been spokesman of the board of Bayerische Hypo-und Vereinsbank AG. Mr. Sprißler holds a degree in business administration.

Maurizia Angelo Comneno was appointed Head of Compliance & Corporate Affairs in 1999, following the merger between Credito Italiano and UniCredito. She started her career in the legal office of Credito Italiano, the predecessor company, in 1978. Since 2002 she has been senior manager in the Group, and holds office as Member of the Board of UniCredit Audit S.p.A. She is also currently a member of the ADR – Association of Dispute Resolution over banking, financial and corporate matters, and member of the Commissione Tecnica Legale and of the Commissione Ordinamento Finanziario of ABI. She holds a law degree.

BOARD OF STATUTORY AUDITORS

The board of statutory auditors (the **Board of Statutory Auditors**) must monitor the management of UniCredito and its compliance with laws, regulations and by-laws, assess and monitor the adequacy of the company's organisation, internal controls, administrative and accounting systems and disclosure procedures, and must report any irregularities to Consob, the Bank of Italy and the shareholders meeting called to approve the company's financial statements.

The Board of Statutory Auditors is appointed by UniCredito's shareholders at a general meeting for a term of three years and members may be re-elected under UniCredito's by-laws. The Board of Statutory Auditors consists of five statutory auditors, including a chairman of the Board of Auditors, and two alternate statutory auditors.

The current members of the Board of Statutory Auditors of UniCredito will hold office until the annual general meeting of UniCredito's shareholders called to approve UniCredito's financial statements for the fiscal year ending 31 December, 2007. The following table sets forth the name, age, position and year of appointment of the current members of the Board of Statutory Auditors of UniCredito.

Name	Age	Position	Year First Appointed
Giorgio Loli	59	Chairman	1999
Vincenzo Nicastro	67	Statutory Auditor	2002
Aldo Milanese	62	Statutory Auditor	1999
Gian Luigi Francardo	75	Statutory Auditor	1999
Siegfried Mayr	63	Statutory Auditor	2007
Giuseppe Verrascina	62	Alternate	2007
Massimo Livatino	44	Alternate	2007

Compensation

In the year ended 31 December, 2006, the aggregate compensation paid to the key management was approximately €65 million.

Conflicts of Interest

UniCredito addresses conflicts of interest in compliance with the provisions of Article 2371 of Italian Civil Code and Article 136 of the Italian Banking Act. There are no family relationships between any of the members of the Board, the members of the Board of Statutory Auditors, and the senior managers of UniCredito.

As of 31 December, 2006, there were outstanding loans or guarantees issued by Group entities to senior managers totaling approximately €4,314 million. Amounts include transactions with companies in which the directors of UniCredito have interests. Such loans and guarantees were made in the ordinary course of business, on substantially the same terms (including interest rates and collateral) as those prevailing at the time for comparable transactions, and did not involve more than the normal credit risk or include favourable features.

THE AUDIT & RISK COMMITTEE

The Group's Audit & Risk Committee is composed of five non-executive directors, the majority of whom must be independent. The chairman of the Board and the vicarious deputy chairman are automatically members of the Audit & Risk Committee, and the other members of the Audit & Risk Committee are elected on the basis of competence and fitness for the roles to be filled. The Audit & Risk Committee acts in an advisory capacity and also has powers of inquiry. It may be consulted at all times by the Board for assistance in evaluating conflicts of interest as well as transactions with related parties. The Audit & Risk Committee reports directly to the Board on its activities, the adequacy of internal auditing procedures and relationships with external auditors at least semi-annually.

EXTERNAL AUDITORS

UniCredito's annual financial statements must be audited by external auditors appointed by its shareholders. UniCredito's Board of Statutory Auditors expresses an opinion on such appointment. The shareholders' resolution and the Board of Statutory Auditors' opinion are communicated to Consob. The external auditors examine UniCredito's annual financial statements and issue an opinion regarding whether its

annual financial statements comply with the IAS/IFRS issued by the International Accounting Standards Board as endorsed by the European Union governing their preparation; which is to say whether they are clearly stated and give a true and fair view of the financial position and results of the Group. Their opinion is made available to UniCredito's shareholders prior to the annual general shareholders' meeting.

Since 2007, following a modification of Legislative Decree No 58 of 24 February 1998 (the **Financial Services Act**), listed companies may not appoint the same auditors for more than nine years. Until 2007, auditors could be appointed for three consecutive three-year terms. At the annual general shareholders' meeting of UniCredito held on 4 May, 2004, KPMG S.p.A. (**KPMG**) was appointed to act as UniCredito's external auditor for a period of three years and during the general shareholders' meeting of UniCredito held on 10 May, 2007 KPMG's engagement was extended for a further six years, to complete the nine-year period allowed by the Financial Services Act.

KPMG succeeds PricewaterhouseCoopers S.p.A., which had acted as the external auditor for UniCredito and its predecessor entity, Credito Italiano, for three consecutive three-year terms.

Description of UCI Ireland

HISTORY

UCI Ireland was incorporated in Ireland on 7 November, 1995 under the Irish Companies Act, 1963 (as amended). UCI Ireland changed its name from Credito Italiano (Ireland) Limited to Credito Italiano Bank (Ireland) Limited on 19 December, 1997 and received a banking licence from the Central Bank of Ireland (now the Central Bank and Financial Services Authority of Ireland) on 24 December, 1997 pursuant to section 9 of the Irish Central Bank Act, 1971 (as amended). Registration as a public limited company was completed on 2 April, 1998. UCI Ireland changed its name to UniCredito Italiano Bank (Ireland) p.l.c. on 1 November, 1999.

UCI Ireland is registered with the Registrar of Companies in Dublin under registration number 240551 and has its registered office at La Touche House, International Financial Services Centre, Dublin 1, telephone number +353 1 670 2000.

UCI Ireland is a wholly owned subsidiary of UniCredito and has one subsidiary at the date of this Prospectus.

UCI Ireland's subsidiary is UniCredit Ireland Financial Services p.l.c., whose registered office is at La Touche House, International Financial Services Centre, Dublin 1, and is engaged in financial services.

BUSINESS

UCI Ireland is engaged in the business of banking and provision of financial services. Its main business areas include credit and structured finance (loans, bonds, securitisation and other forms of asset financing), treasury activities (money market, repurchase agreements or "repos", Euro OverNight Index Average (EONIA) and other interest rate swaps, foreign exchange and futures) and the issue of certificates of deposit and structured notes.

CORPORATE OBJECTS

The purpose of UCI Ireland, as set out in Article 3 of the Articles of Association, is to carry on the business of banking, to act as agents for foreign exchange and dealers in all foreign currency, to provide financial advice and brokerage services, to provide management services to providers of funding and to undertake the management and control and supervision of the business or operations of any person, firm or body corporate, operating wherever in accordance with prevailing norms and practice, and to execute all permitted transactions and services of a banking and financial nature.

UCI Ireland complies with the laws and regulations of the Republic of Ireland regarding corporate governance.

RECENT EVENTS

There are no recent events particular to UCI Ireland which are to a material extent relevant to an evaluation of UCI Ireland's solvency.

PRINCIPAL MARKETS

In market terms, UCI Ireland focuses on the business of credit and structured finance, treasury activities and the issue of certificates of deposit and structured notes in Europe.

RECENT INVESTMENTS

Except as disclosed in this Prospectus, UCI Ireland did not make significant investments since the date of the last published financial statements. As part of the merger of Capitalia into UniCredit, UCI Ireland will acquire the assets of Finceco Finance Limited, an Irish subsidiary of Capitalia. The assets will be purchased at prevailing market prices.

SIGNIFICANT OR MATERIAL CHANGE

Except as disclosed in this Prospectus, there has been no significant change in the financial or trading position of UCI Ireland and there has been no material adverse change in the prospects of UCI Ireland since 31 December, 2006.

MATERIAL CONTRACTS

UCI Ireland has not entered into any contracts which could materially prejudice its ability to meet its obligations under the Notes.

DIRECTORS

The following table sets forth the name, age, position and date of appointment of the current members of the Board of Directors of UCI Ireland:

Name	Age	Position	Year First Appointed
Brian J. Hillery	71	Chairman	1997
Luigi Parrilla	58	Deputy Chairman	2001
Stefano Vaiani	54	Managing Director	2004
Sebastiano Bazzoni	69	Director	2000
Patrizio Braccioni	48	Director	2002
Elaine Hanly	43	Director	1997
Giorgio Lombardi	72	Director	1999
David McCabe	68	Director	1997
Michael J. Meagher	65	Director	1997

The business address for each of the foregoing directors is UniCredito Italiano Bank (Ireland) p.l.c., La Touche House, International Financial Services Centre, Dublin 1, Ireland.

Below are briefly indicated the principal activities performed by the Directors outside UCI Ireland:

Brian J. Hillery – Chairman of the Board of Directors

- Chairman of the Board of Directors of Providence Resources p.l.c.
- Chairman of the Board of Directors of Independent News and Media p.l.c.

Luigi Parrilla – Deputy Chairman of the Board of Directors

- Chief Executive Officer – Asteria S.p.A.
- Member of the Board of Directors of UniCredit Ireland Financial Services p.l.c.

Stefano Vaiani – Managing Director

- Member of the Board of Directors of UniCredit Ireland Financial Services p.l.c.

Sebastiano Bazzoni

- Member of the Board of Directors of Pioneer Investment Management Limited
- Member of the Board of Directors of Pioneer Global Investments Limited
- Member of the Board of Directors of Pioneer Asset Management S.A.
- Member of the Board of Directors of Pioneer Global Funds Distribution

Patrizio Braccioni

- Deputy General Manager of UniCredito Italiano S.p.A.
- Member of the Board of Directors of UniCredit Suisse Bank S.A.
- Member of the Board of Directors of UniCredit Luxembourg Finance S.A.
- Member of the Board of Directors of Cordusio Fiduciaria
- Member of the Board of Directors of Aton International

Elaine Hanly

- Partner, Banking and Financial Services – William Fry Solicitors.
- Member of the Board of Directors of Helaba International Finance p.l.c.
- Member of the Board of Directors of Sachsen LB Europe p.l.c.
- Member of the Board of Baltimore Insurance Limited
- Member of the Board of Frymount Limited

Giorgio Lombardi

- Professor of Comparative Public Law – University of Turin

David McCabe

- Member of the Board of Directors of Bradford & Bingley Treasury Services (Ireland).
- Member of the Board of Directors of SEI Global Master Fund p.l.c.
- Member of the Board of Directors of Morgan Stanley Equity Financing Services Ireland Limited
- Member of the Board of Directors of Morgan Stanley Equity Holdings (I) Limited
- Member of the Board of Directors of Morgan Stanley Corporate Holdings (I) Limited
- Member of the Board of Directors of Farlington Company

Michael J. Meagher

- Member of the Board of Directors of Bank of Ireland Mortgage Bank
- Member of the Board of Directors of Bear Stearns Bank p.l.c.
- Member of the Board of Directors of RBC Dexia Investor Services Ireland Limited
- Member of the Board of Directors of Hewlett-Packard International Bank Limited
- Member of the Board of Directors of PIMCO Funds: Global Investors Series p.l.c.
- Member of the Board of Directors of Mellon Global Funds p.l.c.
- Member of the Board of Directors of Pioneer Investment Management Limited

CONFLICTS OF INTERESTS

UCI Ireland is not aware of any potential conflicts of interests between the duties to UCI Ireland of the foregoing directors and their private interests or other duties.

EXTERNAL AUDITORS

At the annual general shareholders' meeting of UCI Ireland held on 14 March, 2007, KPMG, Dublin was appointed to act as UCI Ireland's external auditor for a period of one year. UCI Ireland's external auditors are registered auditors with the Institute of Chartered Accountants in Ireland.

CAPITAL

On 7 September, 2007 the authorised share capital of UCI Ireland was increased with immediate effect to €1,500,000,000 divided into 1,500,000,000 shares of €1 each by the creation of 155,952,267 ordinary shares of €1 each. On the same day the authorised share capital of UCI Ireland was reduced with immediate effect by the cancellation of USD 119,693,499 of the authorised share capital of UCI Ireland consisting of 119,693,499 redeemable ordinary shares of USD 1 each. As at this date, UCI Ireland had received capital contributions amounting to €753,418,666.

Book Entry Clearance Systems

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream, Luxembourg (together, the ***Clearing Systems****) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuers and the Guarantor believe to be reliable, but none of the Issuers, the Guarantor, the Trustee nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuers, the Guarantor, the Trustee nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.*

BOOK-ENTRY SYSTEMS

DTC

DTC has advised the Issuers that it is a limited purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (**Participants**) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. **Direct Participants** include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants**).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the **Rules**), DTC makes book-entry transfers of Registered Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system (**DTC Notes**) as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (**Owners**) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Registered Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note (**Beneficial Owner**) is in turn to be recorded on the Direct Participant's and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial

Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the relevant Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the relevant Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct Participants and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Registered Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Note, will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Registered Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

BOOK-ENTRY OWNERSHIP OF AND PAYMENTS IN RESPECT OF DTC NOTES

The relevant Issuer may apply to DTC in order to have any Tranche of Notes represented by a Registered Global Note accepted in its book-entry settlement system. Upon the issue of any such Registered Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Note will be limited to Direct Participants or

Indirect Participants, including, in the case of any Regulation S Global Note, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Notes in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuers expect DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuers also expect that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Principal Paying Agent, the Registrar or the relevant Issuer. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the relevant Issuer.

TRANSFERS OF NOTES REPRESENTED BY REGISTERED GLOBAL NOTES

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form (see "*Form of the Notes*"). Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Registered Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Registered Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian (**Custodian**) with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Notes will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuers, the Guarantor, the Trustee, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Taxation

The statements herein regarding taxation are based on the laws in force as at the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

TAXATION IN THE REPUBLIC OF ITALY
The following is a summary of current Italian law and practice relating to the taxation of the Notes. Prospective Noteholders who may be unsure as to their tax position should seek their own professional advice.

Legislative Decree No. 344 of 12 December, 2003 published in the Italian Official Gazette of 16 December, 2003, No. 291 (Ordinary Supplement No. 190), effective as of 1 January, 2004 introduced the reform of taxation of corporations and of certain financial income amending the Italian Income Taxes Consolidated Code. In the near future, the Italian Government may be authorised by the Italian Parliament to amend the tax treatment of financial income which may have an impact on the Tax regime of the Notes, as described herein.

Tax treatment of Notes issued by an Italian resident issuer
Legislative Decree No. 239 of 1 April, 1996 (**Decree 239**) provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from Notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by Italian banks, provided that the Notes are issued for an original maturity of not less than 18 months.

Italian resident Noteholders
Where the Notes have all original maturity of at least 18 months, and an Italian resident Noteholder is (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the *risparmio gestito* regime – see under "*Capital gains tax*" below); (b) a non-commercial partnership; (c) a non-commercial private or public institution; or (d) an investor exempt from Italian corporate income taxation, interest, premium and other income relating to the Notes, accrued during the relevant holding period, are subject to a withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 12.5 per cent.. In the event that the Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Noteholder is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorised intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Noteholder, also to IRAP, the regional tax on productive activities).

Under the current regime provided by Law Decree No. 351 of 25 September, 2001 converted into law with amendments by Law No. 410 of 23 November, 2001, as clarified by the Italian Ministry of Economics and Finance through Circular No. 47/E of 8 August, 2003, payments of Interest in respect of the Notes made to Italian resident real estate investment funds established pursuant to Art. 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 are subject neither to substitute tax nor to any other income tax in the hands of a real estate investment fund.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund (the **Fund**) or a SICAV, and the Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund accrued at the end of each tax period, subject to an ad-hoc substitute tax (the **Collective Investment Fund Tax**) applicable at a rate of 12.5 per cent..

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by articles 14, 14*ter* and 14*quater*, paragraph 1, of Legislative Decree No. 124 of 21 April, 1993) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must 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.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Finance (each an **Intermediary**).

An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary and (b) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Noteholder.

Non-Italian resident Noteholders

Where the Noteholder is a non-Italian resident, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy; or (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) an institutional investor which is resident 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.

The *imposta sostitutiva* will be applicable at the rate of 12.5 per cent. (or at the reduced rate provided for by the applicable double tax treaty, if any) to interest, premium and other income paid to Noteholders who are resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy.

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 (a) deposit, directly or indirectly, the Notes with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance and (b) 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 the 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 the Ministerial Decree of 12 December, 2001.

Early Redemption

Without prejudice to the above provisions, in the event that Notes issued by an Italian resident issuer are redeemed, in full or in part, prior to 18 months from the Issue Date, the relevant issuer will be required to pay a tax equal to 20 per cent. of the interest and other amounts accrued up to the time of the early redemption. Such payment will be made by the relevant issuer and will not affect the amounts to be received by the Noteholder by way of interest or other amounts, if any, under the Notes.

Notes with an original maturity of less than 18 months

Interest payments relating to Notes issued with an original maturity of less than 18 months are subject to a withholding tax, levied at the rate of 27 per cent..

Where the Noteholder is (a) an individual engaged in an entrepreneurial activity to which the Notes are connected, (b) an Italian company or a similar Italian commercial entity, (c) a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected, (d) an Italian commercial partnership, or (e) an Italian commercial private or public institution, such withholding tax is a provisional withholding

tax. In all other cases, including when the Noteholder is a non-Italian resident, the withholding tax is a final withholding tax. In case of non-Italian resident Noteholders, the 27 per cent. withholding tax rate may be reduced by the applicable double tax treaty, if any.

Tax treatment of Notes issued by a non-Italian resident issuer

Decree No. 239 also provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from Notes falling within the category of bonds (obbligazioni) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by a non-Italian resident issuer.

Italian resident Noteholders

Pursuant to Decree 239, an *imposta sostitutiva* equal to (a) 12.5 per cent. in relation to Notes issued for an original maturity of not less than 18 months; and (b) 27 per cent. in relation to Notes issued for an original maturity of less than 18 months, is applied on interest, premium and other income relating to the Notes issued by a non-Italian resident issuer accrued during the relevant holding period, if received by (i) an Italian individual not engaged in an entrepreneurial activity to which the Notes are connected; (ii) an Italian non-commercial partnership; (iii) an Italian non-commercial private or public institution; or (iv) an Italian investor exempt from Italian corporate income taxation. Such withholding is applied by the Intermediary. In the event that the Noteholders described under (i) and (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Noteholder is a company or similar commercial entity and the Notes are deposited with an Intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's annual income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Noteholder, also to IRAP, the regional tax on productive activities).

If the investor is resident in Italy and is an open-ended or closed-ended investment fund or a SICAV, and the Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund accrued at the end of each tax period, subject to an ad-hoc substitute tax applicable at a rate of 12.5 per cent..

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of 5 December, 2005) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the results of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. substitute tax.

If the Notes are issued for an original maturity of less than 18 months, the 27 per cent. *imposta sostitutiva* is also applied to any payment of interest or premium relating to the Notes made to (a) Italian pension funds (subject to the regime provided for by articles 14, 14*ter* and 14*quater*, paragraph 1, of Legislative Decree No. 124 of 21 April, 1993); (b) Italian open-ended or closed-ended investment funds, and (c) Italian SICAVs.

Non-Italian resident Noteholders

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident Noteholder of interest or premium relating to Notes issued by a non-Italian resident issuer provided that the non-Italian resident Noteholder declares itself to be a non-Italian resident according to Italian tax regulations.

Early Redemption

Without prejudice to the above provisions, in the event that Notes issued by a non-Italian resident issuer and having an original maturity of at least 18 months are redeemed, in full or in part, prior to 18 months from the issue date, Italian resident Noteholders will be required to pay, by way of a withholding to be applied by the Italian intermediary responsible for payment of interest or the redemption of the Notes, an amount equal to 20 per cent. of the interest and other amounts accrued up to the time of the early redemption.

Payments made by an Italian resident guarantor

With respect to payments on the Notes made to Italian resident Noteholders by an Italian resident guarantor, in accordance with one interpretation of Italian tax law, any payment of liabilities equal to interest and other proceeds from the Notes may be subject to a provisional withholding tax at a rate of 12.5 per cent. pursuant

to Presidential Decree No. 600 of 29 September, 1973, as subsequently amended. In the case of payments to non-Italian resident Noteholders, the withholding tax may be applied at (a) 12.5 per cent. if the payment is made to non-Italian resident Noteholders, other than those mentioned under (b); or (b) 27 per cent. if payments are made to non-Italian resident Noteholders who are resident in tax haven countries (as defined and listed in Ministerial Decree 23 January, 2002, as amended from time to time). Double taxation treaties entered into by Italy may apply allowing for a lower (on, in certain cases, nil) rate of withholding tax. In accordance with another interpretation, any such payment made by the Italian resident guarantor will be treated, in certain circumstances, as a payment by the relevant issuer and will thus be subject to the tax regime described in the previous paragraphs of this section.

Atypical securities

Interest payments relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) may be subject to a withholding tax, levied at the rate of 27 per cent.. For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value.

In the case of Notes issued by an Italian resident issuer, where the Noteholder is (a) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected; (b) an Italian company or a similar Italian commercial entity; (c) a permanent establishment in Italy of a foreign entity; (d) an Italian commercial partnership; or (e) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases, including when the Noteholder is a non-Italian resident, the withholding tax is a final withholding tax.

If the Notes are issued by a non-Italian resident issuer, the 27 per cent. withholding tax mentioned above does not apply to interest payments made to a non-Italian resident Noteholder and to an Italian resident Noteholder which is (a) a company or similar commercial entity (including the Italian permanent establishment of foreign entities); (b) a commercial partnership; or (c) a commercial private or public institution.

Capital gains tax

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 establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is an individual not engaged in an entrepreneurial activity to which the Notes are connected and certain other persons, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 12.5 per cent.. Noteholders may set off losses with gains.

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, 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, 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 (a) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries and (b) 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 the value of the managed assets accrued, even if not realised, at year end, subject to a 12.5 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 the 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.

Any capital gains realised by a Noteholder who is an Italian open-ended or a closed-ended investment fund or a SICAV will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 12.5 per cent. substitute tax.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by articles 14, 14*ter* and 14*quater*, paragraph 1, of Legislative Decree No. 124 of 21 April, 1993) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the Collective Investment Fund Tax.

Capital gains realised by non-Italian resident Noteholders 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*.

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 are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident in a country which allows for a satisfactory exchange of information with Italy; or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is resident 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 none of the conditions above is 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 are subject to the *imposta sostitutiva* at the current rate of 12.5 per cent..

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes issued by an Italian resident issuer are connected that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale or redemption of Notes issued by an Italian resident issuer.

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by a non-Italian resident issuer are not subject to Italian taxation, provided that the Notes are held outside Italy.

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October, 2006 (Decree No. 262), converted into Law No. 286 of 24 November, 2006, as subsequently amended, the transfers of any valuable asset (including shares, Notes or other securities) as a result of death or donation are taxed as follows:

(a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding €1,000,000;

(b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding €100,000; and

(c) any other transfer is subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

Transfer tax

Pursuant to Italian Legislative Decree No. 435 of 21 November, 1997, which partly amended the regime set forth by Royal Decree No. 3278 of 30 December, 1923, the transfer of the Notes may be subject to the Italian transfer tax, which is currently payable at a rate between a maximum of €0.0083 and a minimum of €0.00465 per €51.65 (or fraction thereof) of the price at which the Notes are transferred. Where the transfer tax is applied at a rate of €0.00465 per €51.65 (or fraction thereof) of the price at which Notes are transferred, the transfer tax cannot exceed €929.62.

However, the transfer tax does not apply, *inter alia*, to: (a) contracts entered into on regulated markets relating to the transfer of securities, including contracts between the intermediary and its principal or between qualified intermediaries; (b) off-market transactions regarding securities listed on regulated markets, provided that the contracts are entered into (i) between banks, SIMs or other financial intermediaries regulated by Decree No. 415 of 23 July, 1996 as superseded by Decree No. 58 of 24 February, 1998, or stockbrokers; (ii) between the subjects mentioned in (i) above, on the one hand, and non-Italian residents, on the other hand; and (iii) between the subjects mentioned in (i) above, even if non-resident in Italy, on the one hand, and undertakings for collective investment in transferable securities, on the other hand; (c) contracts related to sales of securities occurring in the context of a public offering (*offerta pubblica di vendita*) aimed at the listing on regulated markets, or involving financial instruments already listed on regulated markets; and (d) contracts regarding securities not listed on a regulated market entered into between the authorised intermediaries referred to in (b)(i) above, on the one hand, and non-Italian residents on the other hand.

EU Savings Directive

Under Directive 2003/48/EC on the taxation of savings income (the **Savings Directive**), Member States are required, from 1 July, 2005, 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 an individual resident in that other Member State. However, for a transitional period, Belgium, 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). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

Implementation in Italy of the Savings Directive

Italy has implemented the Savings Directive through Legislative Decree No. 84 of 18 April 2005 (Decree No. 84). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid starting from 1 July 2005 to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

TAXATION IN IRELAND

The following is a summary (for Notes issued by UCI Ireland, unless otherwise stated) of the current Irish taxation law and practice with regard to the holders of the Notes. It is based on Irish taxation law and the practices of the Revenue Commissioners of Ireland (the ***Revenue Commissioners****) as in force at the date of this Prospectus, and which may be subject to change. It does not purport to be, and is not, a complete description of all of the tax considerations that may be relevant to a decision to subscribe for, buy, hold,*

sell, redeem, exchange or dispose of the Notes and does not constitute tax or legal advice. Prospective investors should consult with their own professional advisers on the overall tax implications of such ownership.

Irish withholding tax on interest

In general, withholding tax at the standard rate of income tax (currently 20 per cent.) must be deducted from payments of yearly interest within the charge of Irish tax. This may include interest payments made by a company that is resident in Ireland for the purposes of Irish tax (**Irish Resident**) such as UCI Ireland. However, there is no requirement to withhold any amount for or on account of Irish income tax from interest arising on Notes where that interest is paid in the ordinary course of a banking business in Ireland, such as that of UCI Ireland.

Irish withholding tax on discounts

Irish withholding tax does not apply to discounts realised.

Irish Deposit Interest Retention Tax (DIRT)

Irish licensed banks such as UCI Ireland are obliged to withhold DIRT from interest on relevant deposits, which may include the Notes. DIRT applies at the standard rate of income tax (currently 20 per cent.) provided that interest on the relevant deposit is payable annually or at more frequent intervals. There are certain exemptions from the obligation to withhold DIRT:

(a) a Note that is listed on a stock exchange is not a relevant deposit for this purpose and DIRT does not apply;

(b) in relation to unlisted Notes, pursuant to the provisions of section 246A of the Taxes Consolidation Act of Ireland 1997 (**TCA 1997**), the Issuer will not be required to deduct DIRT from interest paid in respect of Notes where the Notes mature within two years provided the Notes continue to be held in Euroclear, Clearstream International SA, or Depository Trust Company (or any other clearing system recognised for this purpose by the Irish Revenue Commissioners) and which have a minimum denomination of €500,000 or U.S.$500,000 or, in the case of Notes which are denominated in a currency other than euros or US dollars, the equivalent in that other currency of €500,000 (such amount to be determined by reference to the relevant rate of exchange at the date of the first publication of this programme);

(c) in addition, the Irish Revenue Commissioners operate a published practice which remains in force and effect as of the date hereof whereby DIRT will not apply to interest on unlisted Notes with a maturity of more than two years provided certain conditions are fulfilled as follows:

  (i) UCI Ireland will not sell any Notes to Irish residents and will not offer any Notes in Ireland;

  (ii) each of the Managers, as a matter of contract, undertake to UCI Ireland that:

    (A) it has only issued or passed on, and will only issue or pass on, any document received by it in connection with the issue of Notes to persons who are persons to whom the document may otherwise lawfully be issued or passed on;

    (B) it has not offered, sold or delivered and will not offer, sell or deliver any Notes in Ireland or to any person, including any body corporate, resident in Ireland or whose usual place of abode is in Ireland (an **Irish Person**);

    (C) it has not issued or distributed, and will not issue or distribute or cause to be issued or distributed, in Ireland or to any Irish Person, this Prospectus or any other document offering the Notes for subscription or sale; and

    (D) its action in any jurisdiction will comply with the then applicable laws and regulations of the jurisdiction;

  (iii) the Notes are cleared through Euroclear, Clearstream International SA, or Depository Trust Company (or any other clearing system recognised for this purpose by the Revenue Commissioners); and

(iv) the minimum denomination in which the Notes issue is made will be in denomination of €500,000 or its equivalent (such amount to be determined by reference to the relevant rate of exchange at the date of issuance); and

(d) separately, where a person is the beneficial owner of Notes, is beneficially entitled to the interest thereon, is not an Irish Resident and has provided a declaration of non-Irish residence to UCI Ireland in the prescribed form, DIRT will not apply.

Encashment Tax

Notes issued by UniCredito may be within the charge of Irish encashment tax where interest is paid by an agent in Ireland. Encashment tax may also arise in respect of Notes issued by UCI Ireland that constitute quoted Eurobonds, where interest payments are collected or realised by an agent in Ireland on behalf of a Noteholder. A Note will be a quoted Eurobond if it is quoted on a recognised stock exchange and carries a right to interest. Encashment tax will arise at the standard rate of income tax (currently 20 per cent.) unless the person beneficially owning the Note and entitled to the interest thereon is not resident in Ireland, has provided a declaration in the prescribed form and the income is interest not deemed, under the provisions of Irish tax legislation, to be the income of another person that is an Irish resident. Where interest payments are made by or through a paying agent outside Ireland, no encashment tax arises. In the case of Notes issued by UCI Ireland that are not quoted Eurobonds, no encashment tax arises.

Irish Income tax

In general, persons who are resident and domiciled in Ireland are liable to Irish taxation on their worldwide income whereas persons who are not resident or ordinarily resident in Ireland are only liable to Irish taxation on their Irish source income. All persons are under a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Irish Revenue Commissioners to issue or raise an assessment. Interest on Notes may be regarded as Irish source income. Accordingly, pursuant to general Irish tax rules, such income would be technically liable to Irish income tax unless an exemption is available.

There is an exemption from Irish income tax under Section 198 TCA 1997:

(a) where the interest is paid by a company in the ordinary course of its trade or business and the recipient of the interest is a company resident in an EU Member State (other than Ireland) or in a territory with which Ireland has a double taxation agreement that is in effect; or

(b) where the interest is paid on a quoted Eurobond and the recipient is resident in an EU Member State (other than Ireland) or in a territory with which Ireland has a double taxation agreement that is in effect; and:

(i) the person by or through whom the payment is made is not resident in Ireland; or

(ii) the person who is the beneficial owner of the quoted Eurobond and is beneficially entitled to the interest is not resident in Ireland and has made the appropriate declaration to the Revenue Commissioners.

For this purpose, residence is determined under the terms of the relevant double taxation agreement, or in the case of a person resident in an EU Member State, the law of that Member State. Separately, Ireland's double taxation agreements may exempt interest from Irish tax when received by a resident of the other territory provided that certain procedural formalities are completed.

In all other instances a liability to Irish income tax arises but it has, in the past, been the practice of the Revenue Commissioners (as a consequence of the absence of a collection mechanism rather than adopted policy) not to seek to collect this liability from non-Irish resident persons unless the recipient of the interest has a connection with Ireland. Examples of such a connection would include where the recipient has sought a claim for repayment of Irish tax deducted at source or where they are chargeable in the name of a person (including a trustee) or in the name of an agent or branch in Ireland having the management or control of their interest in the Notes. Corporate noteholders who carry on a trade in Ireland through a branch or agency may be liable to Irish corporation tax where the Note is held in connection with the trade.

Capital Gains Tax
A holder of the Notes who is neither resident nor ordinarily resident in Ireland and who does not carry on a trade in Ireland through a branch or agency in respect of which the Notes are used or held will not be liable to capital gains tax on the disposal of the Notes (including redemptions for cash or by way of exchange for shares).

Stamp Duty
No stamp duty will be payable on the issue of the Notes provided that such Notes do not represent a charge or incumbrance on property situated in Ireland. No stamp duty will be payable on the transfer of the Notes by delivery. In the event of a written transfer of Notes no stamp duty is chargeable provided that the Notes:

(a) do not carry a right of conversion into stocks or marketable securities (other than loan capital) of a company having a register in Ireland or into loan capital having such right;

(b) do not carry rights of the same kind as shares in the capital of a company, including rights such as voting rights, a share in the profits or a share in the surplus upon liquidation;

(c) are redeemable within 30 years of the date of issue and not thereafter;

(d) are issued for a price which is not less than 90 per cent. of their nominal value (thus bonds issued at a discount may not qualify for this exemption); and

(e) do not carry a right to a sum in respect of repayment or interest which is related to certain movements in an index or indices specified in any instrument or other document relating to the Notes.

Capital Acquisitions Tax
A gift or inheritance of the Notes will be within the charge to Irish Capital Acquisitions Tax if at the relevant date:

(a) the disponer (generally the person making the gift or inheritance of the Notes) is resident or ordinarily resident in Ireland; or

(b) the beneficiary is resident or ordinarily resident in Ireland; or

(c) the Notes are regarded as Irish property.

A foreign domiciled person will generally be regarded as resident or ordinarily resident only if that person was resident in Ireland for the five consecutive tax years immediately preceding the year in which the gift or inheritance was taken and that person is either resident or ordinarily resident in Ireland on the relevant date.

The Notes (for so long as they remain in bearer form) will not be regarded as situated in Ireland unless they are physically located in Ireland or, if registered, there is a register of such Notes in Ireland.

The Savings Directive has been enacted into Irish legislation. Since 1 January, 2004, where any person in the course of a business or profession carried on in Ireland makes an interest payment to, or secures an interest payment for the immediate benefit of, the beneficial owner of that interest, where that beneficial owner is an individual, that person must, in accordance with the methods prescribed in the legislation, establish the identity and residence of that beneficial owner. Where such a person makes such a payment to a ''residual entity'' then that interest payment is a ''deemed interest payment'' of the ''residual entity'' for the purpose of this legislation. A ''residual entity'', in relation to ''deemed interest payments'', must, in accordance with the methods prescribed in the legislation, establish the identity and residence of the beneficial owners of the interest payments received that are comprised in the ''deemed interest payments''.

Residual entity means a person or undertaking established in Ireland or in another Member State or in an ''associated territory'' to which an interest payment is made for the benefit of a beneficial owner that is an individual, unless that person or undertaking is within the charge to corporation tax or a tax corresponding to corporation tax, or it has, in the prescribed format for the purposes of this legislation, elected to be treated in the same manner as an undertaking for collective investment in transferable securities within the meaning of the UCITS Directive 85/611/EC, or it is such an entity or it is an equivalent entity established in an ''associated territory'', or it is a legal person (not being an individual) other than certain Finnish or Swedish legal persons that are excluded from the exemption from this definition in the Savings Tax Directive.

Procedures relating to the reporting of details of payments of interest (or similar income) made by any person in the course of a business or profession carried on in Ireland, to beneficial owners that are individuals or to residual entities resident in another Member State or an "associated territory" and procedures relating to the reporting of details of deemed interest payments made by residual entities where the beneficial owner is an individual resident in another Member State or an "associated territory", applies since 1 July, 2005. For the purposes of these paragraphs "associated territory" means Andorra, Liechtenstein, Monaco, San Marino, the Swiss Confederation, Aruba, Netherlands Antilles, Jersey, Gibraltar, Guernsey, Isle of Man, Anguilla, British Virgin Islands, Cayman Islands, Montserrat and Turks and Caicos Islands.

TAXATION IN LUXEMBOURG

The following summary is of a general nature and is included herein solely for information purposes. It is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Withholding Tax

(i) **Non-resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the laws of 21 June 2005 (the **Laws**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

Under the Laws implementing Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments and ratifying the treaties entered into by Luxembourg and certain dependent and associated territories of EU Member States (the **Territories**), payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner or a residual entity, as defined by the Laws, which are resident of, or established in, an EU Member State (other than Luxembourg) or one of the Territories will be subject to a withholding tax unless the relevant recipient has adequately instructed the relevant paying agent to provide details of the relevant payments of interest or similar income to the fiscal authorities of his/her/its country of residence or establishment, or, in the case of an individual beneficial owner, has provided a tax certificate issued by the fiscal authorities of his/her country of residence in the required format to the relevant paying agent. Where withholding tax is applied, it will be levied at a rate of 15 per cent. during the first three-year period starting 1 July 2005, at a rate of 20 per cent. for the subsequent three-year period and at a rate of 35 per cent. thereafter. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Laws would at present be subject to withholding tax of 15 per cent.

(ii) **Resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the **Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the immediate benefit of an individual beneficial owner who is resident in Luxembourg, will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law would be subject to a withholding tax of 10 per cent.

Subscription and Sale and Transfer and Selling Restrictions

The Dealers have, in an Amended and Restated Programme Agreement dated 12 November, 2007 (such programme agreement as amended and/or supplemented and/or restated from time to time, the **Programme Agreement**), agreed with the Issuers and (in the case of Guaranteed Notes) the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Parent has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

In order to facilitate the offering of any Tranche of the Notes, subject to applicable law, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the relevant Issuer. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilise or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if the Notes previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes.

TRANSFER RESTRICTIONS

As a result of the following restrictions, purchasers of Notes in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Notes

Each purchaser of Registered Notes (other than a person purchasing an interest in a Registered Global Note with a view to holding it in the form of an interest in the same Global Note) or person wishing to transfer an interest from one Registered Global Note to another or from global to definitive form or vice versa, will have been deemed to acknowledge, represent and agree as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(a) that either: (i) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (ii) it is an Institutional Accredited Investor which has delivered an IAI Investment Letter or (iii) it is outside the United States and is not a U.S. person;

(b) that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(c) that, unless it holds an interest in a Regulation S Global Note and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Notes or any beneficial interests in the Notes, it will do so, prior to the date which is two years after the later of the last Issue Date for the Series and the last date on which the relevant Issuer or an affiliate of the relevant Issuer was the owner of such Notes, only: (i) to the relevant Issuer or any affiliate thereof; (ii) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A; (iii)

outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act; (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available); or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. state securities laws;

(d) it will, and will require each subsequent holder to, notify any purchaser of the Notes from it of the resale restrictions referred to in paragraph (c) above, if then applicable;

(e) that Notes initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Notes, that Notes offered to Institutional Accredited Investors will be in the form of Definitive IAI Registered Notes and that Notes offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Notes;

(f) that the Notes, other than the Regulation S Global Notes, will bear a legend to the following effect unless otherwise agreed to by the relevant Issuer:

"THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT (1) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS OR (2) IT IS AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS DEFINED IN RULE 501(A)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) (AN **INSTITUTIONAL ACCREDITED INVESTOR**); (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO THE DATE WHICH IS TWO YEARS AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITIES OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).";

(g) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the completion of the distribution of all the Notes of the Tranche of which such Notes form part), it will do so only (a)(i) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. state securities laws; and it acknowledges that the Regulation S Global Notes will bear a legend to the following effect unless otherwise agreed to by the relevant Issuer:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART."; and

(h) that the relevant Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the relevant Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Institutional Accredited Investors who purchase Registered Notes in definitive form offered and sold in the United States in reliance upon the exemption from registration provided by Regulation D of the Securities Act are required to execute and deliver to the Registrar an IAI Investment Letter. Upon execution and delivery of an IAI Investment Letter by an Institutional Accredited Investor, Notes will be issued in definitive registered form, see "*Form of the Notes*".

The IAI Investment Letter will state, among other things, the following:

(a) that the Institutional Accredited Investor has received a copy of the Prospectus and such other information as it deems necessary in order to make its investment decision;

(b) that the Institutional Accredited Investor understands that any subsequent transfer of the Notes is subject to certain restrictions and conditions set forth in the Prospectus and the Notes (including those set out above) and that it agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes except in compliance with, such restrictions and conditions and the Securities Act;

(c) that, in the normal course of its business, the Institutional Accredited Investor invests in or purchases securities similar to the Notes;

(d) that the Institutional Accredited Investor is an "accredited investor" within the meaning of Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Notes, and it and any accounts for which it is acting are each able to bear the economic risk of its or any such accounts' investment for an indefinite period of time;

(e) that the Institutional Accredited Investor is acquiring the Notes purchased by it for its own account or for one or more accounts (each of which is an Institutional Accredited Investor) as to each of which it exercises sole investment discretion and not with a view to any distribution of the Notes, subject, nevertheless, to the understanding that the disposition of its property shall at all times be and remain within its control; and

(f) that, in the event that the Institutional Accredited Investor purchases Notes, it will acquire Notes having a minimum purchase price of at least U.S.$500,000 (or the approximate equivalent in another Specified Currency).

No sale of Legended Notes in the United States to any one purchaser will be for less than U.S.$100,000 (or its foreign currency equivalent) principal amount or, in the case of sales to Institutional Accredited Investors, U.S.$500,000 (or its foreign currency equivalent) principal amount and no Legended Note will be issued in connection with such a sale in a smaller principal amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.$100,000 (or its foreign currency equivalent) or, in the case of sales to Institutional Accredited Investors, U.S.$500,000 (or its foreign currency equivalent) principal amount of Registered Notes.

SELLING RESTRICTIONS

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the same meaning given to them by Regulation S.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

In connection with any Notes which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S (**Regulation S Notes**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver such Regulation S Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Regulation S Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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

Dealers may arrange for the resale of Notes to QIBs pursuant to Rule 144A and each such purchaser of Notes is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Notes which may be purchased by a QIB pursuant to Rule 144A is U.S.$100,000 (or the approximate equivalent thereof in any other currency). To the extent that the relevant Issuer is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the relevant Issuer has agreed to furnish to holders of Notes and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

Each issuance of Index Linked Notes, Credit Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

Public Offer Selling Restriction under the Prospective Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant**

Implementation Date) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospective Directive in that Relevant Member State (a **Non-exempt Offer**) following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;

(b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(c) at any time to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000; and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

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

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes issued by UCI Ireland which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the **FSMA**) by the Issuer;

(b) 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 FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA would not apply to the Issuer if it was not an authorised person or (where the Issuer is UCI Ireland) would not apply to the Guarantor if it was not an authorised person; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(a) to qualified investors (*investitori qualificati*), as defined in Article 100 of Legislative Decree No. 58 of 24 February, 1998, as amended (the **Financial Services Act**) and the relevant implementing CONSOB regulations, as amended from time to time, and in Article 2 of Directive No. 2003/71/EC of 4 November, 2003; or

(b) in other circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of the Financial Services Act and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May, 1999, as amended (**Regulation No. 11971**).

Any 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 under (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October, 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September, 1993 as amended (the **Banking Act**); and

(ii) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(iii) in compliance with any other applicable laws and regulations or requirements imposed by CONSOB or other Italian authority.

Investors should also note that in connection with the subsequent distribution of Notes (with a minimum denomination lower than €50,000 or its equivalent in another currency) in the Republic of Italy, in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on solicitation applies under (a) and (b) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the intermediaries transferring the Notes being liable for any damages suffered by investors.

Ireland

Each Dealer has represented and agreed (and each further Dealer appointed under the Programme will be required to further represent and agree) that:

(a) it has not offered or sold and will not offer or sell any Notes except in conformity with the provisions of the Prospectus Directive and, where applicable, implementing measures in Ireland and the provisions of the Companies Acts 1963 to 2005 of Ireland and every other enactment that is to be read together with any of those Acts;

(b) in respect of Notes issued by UCI Ireland which are not listed on a stock exchange and which do not mature within two years its action in any jurisdiction will comply with the then applicable laws and regulations of that jurisdiction, it will not knowingly offer to sell such Notes to an Irish resident, or to persons whose usual place of abode is Ireland, and that it will not knowingly distribute or cause to be distributed in Ireland any offering material in connection with such Notes. In addition, such Notes must be cleared through Euroclear, Clearstream, Luxembourg, or Depository Trust Company (or any other clearing system recognised for this purpose by the Revenue Commissioners) and have a minimum denomination of €500,000 or its equivalent at the date of issuance;

(c) in respect of Notes issued by UCI Ireland which are not listed on a stock exchange and which mature within two years, such Notes must have a minimum denomination of €500,000 or US$500,000 or, in the case of Notes which are denominated in a currency other than euros or US dollars, the equivalent in that other currency of €500,000 (such amount to be determined by reference to the relevant rate of

exchange at the date of first publication of this Programme). In addition, such Notes must be cleared through Euroclear, Clearstream, Luxembourg or Depository Trust Company (or any other clearing system recognised for this purpose by the Revenue Commissioners);

(d) it has only issued or passed on, and will only issue or pass on, any document received by it in connection with the issue of Notes to persons who are persons to whom the document may otherwise lawfully be issued or passed on; and

(e) it has complied and will comply with all applicable provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (the **2007 Regulations**) and within the terms of its authorisation thereunder and has complied with any applicable codes of conduct or practice.

France

The Issuers, the Guarantor and each Dealer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, 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, the relevant Final Terms 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) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, articles L.411-1, L.411-2, D.411-2 and D.411-3 of the French *Code monétaire et financier*.

The Netherlands

Each Dealer has represented and agreed that prior to the notification, if any, under the Banking Coordination Directive (2000/12/EC) pursuant to the Issuer's home state banking licence (including, for avoidance of doubt, taking deposits by the Issuer) by the relevant regulator in Italy or Ireland as the case may be, with the Dutch Central Bank (*De Nederlandsche Bank N.V.*) having taken effect in The Netherlands (**Notification Effective Date**), Notes may only be offered, sold, transferred or delivered as part of their initial distribution or at any time thereafter, directly or indirectly, into The Netherlands if they have a denomination of at least €50,000 (or its equivalent in another currency). As from the Notification Effective Date the standard EEA restrictions will apply in relation to the Issue.

The Grand Duchy of Luxembourg

In addition to the cases described in Public Offer Selling Restriction under the Prospectus Directive above, in accordance with which the Dealers can make an offer of Notes to the public in an EEA Member State (including the Grand Duchy of Luxembourg), each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not made and will not make an offer of Notes to the public in Luxembourg, except that it may make an offer of Notes to the public in the Grand Duchy of Luxembourg:

(a) at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations);

(b) at any time, to legal entities which are authorised or regulated to operate in the financial markets (including, credit institutions, investment firms, other authorised or regulated financial institutions, insurance companies, undertakings for collective investment and their management companies, pension and investment funds and their management companies, commodity dealers) as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities; and

(c) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Luxembourg act dated 10 July, 2005 on prospectuses for securities implementing the Prospectus Directive into Luxembourg law) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the *Commission de surveillance du secteur financier* (the **CSSF**), as competent authority in Luxembourg in accordance with the Prospectus Directive.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended; the **FIEL**) and accordingly each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell any

Notes, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan. **Japanese Person** shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuers, the Guarantor, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuers, the Guarantor, the Trustee and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the relevant Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

General Information

AUTHORISATION

The establishment of the Programme and the issue of the Notes (and, in the case of the Guarantor, the giving of the Guarantee) have been duly authorised by resolutions of the Board of Directors of UniCredito dated 2 May, 2000, the Board of Directors of UCI Ireland dated 9 November, 2000 and the Board of Directors of UniCredito dated 16 December, 2004. The increase of the aggregate nominal amount of the Programme from €5,000,000,000 to €10,000,000,000 was duly authorised by resolutions of the Board of Directors of UniCredito dated 19 December, 2002 and the Board of Directors of UCI Ireland dated 19 December, 2002. The increase of the aggregate nominal amount of the Programme from €10,000,000,000 to €25,000,000,000 was duly authorised by resolutions of the Board of Directors of UniCredito dated 18 December, 2003 and the Board of Directors of UCI Ireland dated 18 December, 2003. The increase of the aggregate nominal amount of the Programme from €25,000,000,000 to €50,000,000,000 and, in the case of the Guarantor, the giving of the Guarantee was duly authorised by resolution of the Board of Directors of UniCredito dated 16 December, 2004 and the Board of Directors of UCI Ireland dated 17 December, 2004. The 2005 update of the Programme was duly authorised by resolutions of the Board of Directors of UniCredito dated 13 October, 2005, the Board of Directors of UCI Ireland dated 7 July, 2005 and the Board of Directors of UCI Luxembourg dated 10 October, 2005. The 2006 update of the Programme was duly authorised by resolutions of the Board of Directors of UniCredito dated 14 November, 2006, the Board of Directors of UCI Ireland dated 8 November, 2006, and the Board of Directors of UCI Luxembourg dated 15 November, 2006. This update of the Programme and the increase of the aggregate nominal amount of the Programme from €50,000,000,000 to €60,000,000,000 has been duly authorised by resolutions of the Board of Directors of UniCredito dated 16 October, 2007, including the giving of the Guarantee and the Board of Directors of UCI Ireland dated 9 November, 2007.

LISTING AND ADMISSION TO TRADING

Application has been made to the CSSF to approve this document as two base prospectuses. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC.

DOCUMENTS AVAILABLE

For so long as the Notes issued under the Programme will be listed in Luxembourg, copies of the following documents will, when published, be available from the registered office of the relevant Issuer and from the specified office of the Paying Agent for the time being in Luxembourg:

(a) the memorandum and articles of association (with an English translation where applicable) of each of the Issuers;

(b) the audited consolidated and non-consolidated financial statements of UniCredito in respect of the financial year ended 31 December, 2005 (with an English translation thereof);

(c) the audited consolidated financial statements of UCI Ireland in respect of the financial year ended 31 December, 2005;

(d) the audited consolidated and non-consolidated financial statements of UniCredito in respect of the financial year ended 31 December, 2006 (with an English translation thereof);

(e) the audited consolidated financial statements of UCI Ireland in respect of the financial year ended 31 December, 2006; and

(f) the unaudited consolidated interim accounts of UniCredito (with an English translation thereof).

UniCredito currently prepares audited consolidated and non-consolidated financial statements on an annual basis and unaudited consolidated financial statements on a quarter and semi-annual basis.

UCI Ireland currently prepares audited consolidated financial statements on an annual basis and does not prepare audited/unaudited consolidated/non-consolidated financial statements on a quarterly or semi-annual basis (the data as at 30 June, 2007 incorporated by reference in this Prospectus has been prepared by the Financial Control Department of UCI Ireland and approved by its Board of Directors only for the purposes of this Prospectus.

(g) the Programme Agreement, the Agency Agreement, the Trust Deed (containing the terms of the guarantee applicable to the Notes issued by UCI Ireland), the Deed Poll and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;

(h) a copy of this Prospectus;

(i) any future prospectuses, information memoranda and supplements including Final Terms (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Prospectus and any other documents incorporated herein or therein by reference; and

(j) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

In addition, copies of this Prospectus, each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website (*www.bourse.lu*).

CLEARING SYSTEMS

The Notes in bearer form have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate common code and ISIN for each Tranche of Bearer Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. In addition, the relevant Issuer may make an application for any Notes in registered form to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Notes, together with the relevant ISIN and common code, will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

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. The address of DTC is 55 Water Street, New York, New York 10041.

CONDITIONS FOR DETERMINING PRICE

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

SIGNIFICANT OR MATERIAL CHANGE

Except as disclosed in this Prospectus, there has been no significant change in the financial or trading position of UniCredito and the Group since 31 December, 2006 and there has been no material adverse change in the prospects of UniCredito and the Group since 31 December, 2006.

There has been no significant change in the financial or trading position of UCI Ireland and there has been no material adverse change in the prospects of UCI Ireland since 31 December, 2006.

LITIGATION

None of the Issuers or the Guarantor nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the relevant Issuer or the Guarantor is aware) in the 12 months preceding the date of this

document which may have or have had in such period a significant effect on the financial position or profitability of the relevant Issuer, the Guarantor or the Group.

EXTERNAL AUDITORS

Listed companies may not appoint the same auditors for more than nine years. At the annual general shareholders' meeting of UniCredito held on 10 May, 2007, KPMG S.p.A. was appointed to act as the Parent's external auditor until 2012. KPMG S.p.A. was already appointed to act as external auditor for a period from 2004 to 2006. KPMG S.p.A. succeeded to PricewaterhouseCoopers S.p.A., which had acted as the external auditor for the Parent, and for its predecessor entity Credito Italiano, for three consecutive three-year terms.

The external auditors of UniCredito who have audited the annual consolidated financial statement for the financial year ended 31 December, 2004, without qualification, in accordance with generally accepted auditing standards in Italy are KPMG S.p.A., Via Vittor Pisani 25, 20124 Milan.

UniCredito's external auditor KPMG S.p.A. is registered on the roll of chartered accountants held by the Ministry of Justice and in the register of Auditing Firms held by CONSOB.

The external auditors have no material interest in UniCredito.

The external auditors of UCI Ireland who have audited the annual financial statement for the financial year ended 31 December, 2005 and 31 December, 2006, without qualification, in accordance with generally accepted auditing standards in Ireland are KPMG, 1 Harbourmaster Place, Dublin 1.

UCI Ireland's external auditors are registered auditors with the Institute of Chartered Accountants in Ireland.

The external auditors have no material interest in UCI Ireland.

The reports of the auditors of the Issuers are included or incorporated in the form and context in which they are included or incorporated, with the consent of the relevant auditors who have authorised the contents of that part of this Prospectus.

POST-ISSUANCE INFORMATION

The Issuers do not intend to provide any post-issuance information in relation to any issues of Notes including in relation to assets underlying issues of instruments constituting derivatives securities.

THE ISSUERS

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Piazza Cordusio, 2
20123 Milan

UniCredito Italiano Bank (Ireland) p.l.c.
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International Financial Services Centre
Dublin 1

THE GUARANTOR

UniCredito Italiano S.p.A.
Piazza Cordusio, 2
20123 Milan

THE TRUSTEE FOR THE NOTEHOLDERS

Citicorp Trustee Company Limited
Citigroup Centre
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Canary Wharf
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PRINCIPAL PAYING AGENT AND TRANSFER AGENT

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Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

REGISTRAR AND TRANSFER AGENT

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Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

LUXEMBOURG PAYING AGENT AND TRANSFER AGENT

Kredietbank S.A. Luxembourgeoise
43 Boulevard Royal
L-2955 Luxembourg

AUDITORS

Auditors of UniCredito

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Via Vittor Pisani, 25
20124 Milan

Auditors of UCI Ireland

KPMG
1 Harbourmaster Place
Dublin 1

LUXEMBOURG LISTING AGENT

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ARRANGER

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CO-ARRANGER

Bayerische Hypo- und Vereinsbank AG
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London EC2N 2DB

Dresdner Bank Aktiengesellschaft
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Frankfurt am Main

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Peterborough Court
133 Fleet Street
London EC4A 2BB

J.P. Morgan Securities Ltd.
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London EC2Y 5AJ

Lehman Brothers International (Europe)
25 Bank Street
London E14 5LE

Merrill Lynch International
Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ

Morgan Stanley & Co. International plc
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Canary Wharf
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Société Générale
29 Boulevard Haussmann
75009 Paris
France

UBS Limited
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LEGAL ADVISERS

To the Issuers and the Guarantor as to English and Italian law

Allen & Overy
Corso Vittorio Emanuele II, 284
00186 Rome

as to Irish law

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St Michael's House
1 George Yard
Lombard Street
London EC3V 9DF

To the Dealers and the Trustee as to English law

Clifford Chance Studio Legale Associato
Piazzetta M. Bossi, 3
20121 Milan