

MEDIOBANCA - Banca di Credito Finanziario S.p.A.
(incorporated with limited liability in the Republic of Italy)

MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.
(incorporated with limited liability in Luxembourg)

Euro 7,500,000,000
Euro Medium Term Note Programme
guaranteed in the case of Notes issued by Mediobanca International (Luxembourg) S.A.
by
MEDIOBANCA - Banca di Credito Finanziario S.p.A.



Under the Euro Medium Term Note Programme described in this Base Prospectus (the "**Programme**"), each of Mediobanca - Banca di Credito Finanziario S.p.A. ("**Mediobanca**") and Mediobanca International (Luxembourg) S.A. ("**Mediobanca International**") (each an "**Issuer**" and together the "**Issuers**") may from time to time issue notes ("**Notes**") subject in each case to compliance with all relevant laws, regulations and directives. The payment of all amounts due in respect of any Notes issued by Mediobanca International will be unconditionally and irrevocably guaranteed by Mediobanca - Banca di Credito Finanziario S.p.A. (in such capacity, the "**Guarantor**").

Notes issued under the Programme will have denominations in integral multiples of Euro 1,000 and a minimum denomination of Euro 1,000.

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

Application has been made to the Commission de Surveillance du Secteur Financier (the "**CSSF**") in its capacity as competent authority under the Luxembourg Act dated 10 July, 2005 on prospectuses for securities to approve this document as a base prospectus for each Issuer. Application has also been made for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be listed and admitted to trading on the regulated market of 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 market(s) as may be agreed between the relevant Issuer, Mediobanca (in the case of Guaranteed Notes) and the relevant Dealer. Unlisted Notes or Notes not admitted to trading on any market may also be issued. This Base Prospectus comprises two base prospectuses (one for each Issuer) for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**").

The CSSF may, at the request of the relevant Issuer, send to the competent authority of another European Economic Area Member State (i) a copy of this Base Prospectus; (ii) a certificate of approval pursuant to Article 18 of the Prospectus Directive attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Directive (an "**Attestation Certificate**"); and (iii) if so required by such competent authority, a translation of the Summary set out on pages 6 to 11 of this Base Prospectus. Under the Luxembourg Law on Prospectuses for Securities which implements the Prospectus Directive, prospectuses relating to money market instruments having a maturity at issue of less than 12 months and complying also with the definition of securities are not subject to the approval provisions of Part II of such law.

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 of Notes will be set out in the final terms (the "**Final Terms**") which, with respect to Notes to be listed on the Luxembourg Stock Exchange, will be delivered to the Luxembourg Stock Exchange.

Arranger of the Programme.

MEDIOBANCA - Banca di Credito Finanziario S.p.A.

Dealers

MEDIOBANCA - Banca di Credito Finanziario S.p.A.

CALYON Corporate and Investment Bank

COMMERZBANK CORPORATES & MARKETS

DEUTSCHE BANK AG, LONDON BRANCH

GOLDMAN SACHS INTERNATIONAL

MERRILL LYNCH INTERNATIONAL

MORGAN STANLEY

SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING

THE ROYAL BANK OF SCOTLAND

UBM - UNICREDIT BANCA MOBILIARE

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IMPORTANT NOTICES

This document comprises a base prospectus (the Base Prospectus) for the purposes of Article 5.4 of the Prospectus Directive.

Each of the Issuers and the Guarantor, where indicated in the relevant Final Terms (as defined below), accepts responsibility for the information contained in this document and, to the best of the knowledge of each of the Issuers and the Guarantor (which have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

*Each of the Issuers and the Guarantor, having made all reasonable enquiries confirms that (i) this Base Prospectus contains all information with respect to the Issuers, the Guarantor, the Guarantor and its subsidiaries and affiliates taken as a whole (the “**Group**” or the “**Mediobanca Group**”), the Notes and the deed of guarantee executed by the Guarantor and dated 30 December 2005 (the “**Deed of Guarantee**”) which is material in the context of the issue and offering of Notes, (ii) the statements contained in this Base Prospectus relating to the issuers, the Guarantor and the Group are in every material particular true and accurate and not misleading, the opinions and intentions expressed in this Base Prospectus with regard to the Issuers, the Guarantor and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (iii) there are no other facts in relation to the Issuers, the Guarantor, the Group, the Notes or the Deed of Guarantee the omission of which would, in the context of the issue and offering of Notes, make any statement in this Base Prospectus misleading in any material respect and (iv) all reasonable enquiries have been made by the Issuers and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements.*

This Base Prospectus should be read and construed with any amendment or supplement hereto and with any other documents incorporated by reference herein and, in relation to any Series (as defined below) of Notes, should be read and construed together with the relevant Final Terms(s) (as defined below).

*No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of Notes and, if given or made, such information or representation must not be relied upon as having been authorised by either of the Issuers, the Guarantor or any of the Dealers (as defined in “**Plan of Distribution**”). Neither the delivery of this Base Prospectus or any Final Terms nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of either Issuer or the Guarantor since the date hereof or the date upon which this document has been most recently amended or supplemented or that there has been no adverse change in the financial position of either Issuer or the Guarantor since the date hereof or the date upon which this document has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.*

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of either Issuer, the Guarantor or any of the Dealers to subscribe for, or purchase, any Notes.

*The distribution of this Base Prospectus and the offering or sale of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by each of the Issuers, the Guarantor and each of the Dealers to inform themselves about and to observe any such restriction. For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus and other offering material relating to Notes, see “**Plan of Distribution**”. In particular, 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. This Base 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 Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuers and the Dealers do not represent that this Base 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, no action has been taken by the Issuers or the Dealers which would permit a public offering of any Notes outside Luxembourg or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly including to the public, and neither this Base 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 Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States and the European Economic Area (including the United Kingdom and Italy) (see “Plan of Distribution”).

The Dealers have not separately verified the information contained in this Base Prospectus. None of the Dealers makes any representation express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by either of the Issuers, the Guarantor or any of the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase any Notes.

Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers undertakes to review the financial condition or affairs of the Issuers or the Guarantor during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers.

The Programme has been rated AA- by Standard and Poor's Rating Services, a division of McGraw-Hill Companies Inc. Tranches of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the rating assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

STABILISATION

In connection with the issue of any Tranche of Notes under the Programme, 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 (provided that, in the case of any Tranche of Notes to be admitted to trading on a regulated market of the European Economic Area, the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant Tranche) 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, 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.

* * * * *

Notes will be issued on a continuous basis in series (each a “**Series**”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “**Tranche**”) on different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and principal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set forth in Final Terms to this Base Prospectus (“**Final Terms**”) the form of which is set out in “**Form of Final Terms**” below.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed Euro 7,500,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into Euro at the date of the agreement to issue such Notes calculated in accordance with the provisions of the Dealership Agreement, as defined under “**Plan of Distribution**”). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealership Agreement.

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “**U.S.\$**” and “**US Dollars**” are to the lawful currency of the United States of America. References to “**Euro**” are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended and reference to “**£**” are to the lawful currency of the United Kingdom.

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SUMMARY OF THE PROGRAMME

This Summary constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive.

This summary must be read as an introduction to this Base Prospectus and any decision to invest in any Notes should be based on a consideration of this Base 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 thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the claimant may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

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

Issuers: Mediobanca - Banca di Credito Finanziario S.p.A. (“**Mediobanca**”).
Mediobanca International (Luxembourg) S.A. (“**Mediobanca International**”).

Mediobanca - Banca di Credito Finanziario S.p.A.: Mediobanca was established in 1946 as a medium-term credit granting institution in Italy. In 1956 Mediobanca’s shares were admitted to the Italian Stock Exchange and since then its business has expanded both nationally and internationally.

Mediobanca is registered at the Companies’ Registry of the Chamber of Commerce of Milan, Italy under registration number 00714490158. Mediobanca’s registered office is at Piazzetta E. Cuccia 1, Milan, Italy, telephone number (+39) 0288291.

Mediobanca holds a banking licence from the Bank of Italy authorising it to carry on all permitted types of banking activities in Italy.

Mediobanca is a bank organised and existing under the laws of Italy, carrying out a wide range of banking, financial and related activities throughout Italy.

At the date hereof, Mediobanca’s issued share capital totals Euro 398,296,707.50, represented by 796,593,415 Euro 0.50 par value registered shares.

The Board of Directors of Mediobanca is responsible for the ordinary and extraordinary management of Mediobanca.

Mediobanca International (Luxembourg) S.A.: Mediobanca International was incorporated in the Cayman Islands on 13 September 1990 under the name of Mediobanca International Limited with the main aim of raising funds on international markets by the issue of bonds, medium-term notes and certificates of deposit.

On 13 May 2005, Mediobanca’s Board of Directors approved a resolution to transfer Mediobanca International’s registered office from the Cayman Islands to Luxembourg. By decision of the shareholders taken before a Luxembourg notary on 21 December 2005, Mediobanca International adopted the form of a société anonyme subject to the Luxembourg law and transferred its registered office in Luxembourg without prejudice to its existing legal rights and obligations. On 15 December 2005 the Luxembourg Minister of the Treasury and the Budget, on the recommendation of the Commission de Surveillance du Secteur Financier (CSSF) granted Mediobanca International a full banking licence by which its operations have been extended to include lending, consistent with Mediobanca International’s new articles of association approved by the shareholders in the general meeting held on 21 December 2005.

Mediobanca International is registered at the Luxembourg trade and companies registry, Luxembourg. Mediobanca International's registered office is at 14 Boulevard Roosevelt L-2450 Luxembourg, Luxembourg.

At the date hereof, Mediobanca International's issued and authorised share capital totals Euro 10,000,000 represented by 1,000,000 Euro 10 par value registered shares.

The Board of Directors of Mediobanca International is responsible for setting authorisation levels, defining organisational structure, defining the system of internal control and reviewing it on a regular basis, and approving the bank's accounts and interim statements. Day-to-day management is entrusted to two managing directors.

Guarantor: Mediobanca - Banca di Credito Finanziario S.p.A. (with respect to Notes issued by Mediobanca International (Luxembourg) S.A.)

Description: Euro Medium Term Note Programme.

Arranger: Mediobanca Banca di Credito Finanziario S.p.A.

Dealers: Mediobanca - Banca di Credito Finanziario S.p.A.
CALYON Corporate and Investment Bank
Commerzbank Aktiengesellschaft
Deutsche Bank AG, London Branch
Goldman Sachs International
Merrill Lynch International
Morgan Stanley & Co International Limited
Société Générale
The Royal Bank of Scotland plc
UniCredit Banca Mobiliare S.p.A.

Each of the Issuers may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of a single Tranche or in respect of the whole Programme.

References in this Base Prospectus to "Permanent Dealers" are to the persons listed above as Dealers and to such additional persons which are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

Fiscal Agent: BNP Paribas Securities Services, Luxembourg Branch.

Size: Up to Euro 7,500,000,000 (or the equivalent in other currencies at the date of each issue) aggregate principal amount of Notes outstanding at any one time.

Currencies: Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency or currencies as the relevant Issuer, the Guarantor (where applicable), and the Relevant Dealer so agree.

Maturities: Any maturity between seven days and thirty years subject to compliance with all relevant laws, regulations and directives.

Any Notes in respect of which the issue proceeds are received by the relevant Issuer in the United Kingdom and which must be redeemed before the first anniversary of their date of issue must (a) have a minimum

redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or 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 or (b) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the relevant Issuer.

- Denomination: Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements 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 where the Notes are denominated in a currency other than euro, the equivalent amount in such other currency).
- Method of Issue: The Notes may be issued on a syndicated or non-syndicated basis. The Notes will be issued in one or more Series (which may be issued on the same date or which may be issued in more than one Tranche on different dates). The Notes may be issued in Tranches on a continuous basis with no minimum issue size, subject to compliance with all applicable laws, regulations and directives. Further Notes may be issued as part of an existing Series.
- Redenomination: Notes issued in the currency of a Member State of the European Union which participates in the third stage of Economic and Monetary Union may be redenominated into Euro pursuant to Condition 3, see “Terms and Conditions of the Notes - Redenomination” below.
- Consolidation: Notes of one series may be consolidated with Notes of another Series, all as described in Condition 12, see “Terms and Conditions of the Notes – Further Issues and Consolidation” below.
- Form of Notes: The Notes may be issued in bearer form only. Each Tranche of Notes having an initial maturity of more than one year will, unless otherwise specified in the relevant Final Terms initially be represented by a temporary Global Note and each Tranche of Notes having an original maturity of one year or less will be represented by a permanent Global Note which, in each case, will be deposited (a) in the case of a Tranche intended to be cleared through Euroclear Bank S.A./N.V. as operator of the Euroclear System (“**Euroclear**”) and/or Clearstream Banking, société anonyme, Luxembourg (“**Clearstream Luxembourg**”) on the issue date with a common depositary on behalf of Euroclear and Clearstream, Luxembourg and (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and Clearstream, Luxembourg or delivered outside a clearing system, as agreed between the relevant Issuer and the relevant Dealer. No interest will be payable in respect of a temporary Global Note except as described under “Summary of Provisions Relating to the Notes while in Global Form”. Interests in temporary Global Notes will be exchangeable for interests in permanent Global Notes or, if so stated in the relevant Final Terms for definitive Notes after the date falling 40 days after the issue date upon certification as to non-U.S. beneficial ownership.
- If specified in the relevant Final Terms, interests in permanent Global Notes will be exchangeable for definitive Notes as described under “Summary of Provisions Relating to the Notes while in Global Form”.
- Definitive Notes will, if interest-bearing, either have interest coupons

("Coupons") attached and, if appropriate, a talon ("Talon") for further Coupons and will, if the principal thereof is repayable by instalments, have payment receipts ("Receipts") attached.

Issue Price:	Notes may be issued at their principal amount or at a discount or premium to their principal amount. Partly-paid Notes may also be issued, the Issue Price of which will be payable in two or more instalments.
Fixed Interest Rate Notes:	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
Floating Rate Notes:	Floating Rate Notes will bear interest set separately for each Series by reference to the benchmark as may be specified in the relevant Final Terms as adjusted for any applicable margin. Interest periods will be specified in the relevant Final Terms.
Zero Coupon Notes:	Zero Coupon Notes may be issued at their principal amount or at a discount or a premium to it and will not bear interest.
Variable Coupon Amount Notes:	The Final Terms issued in respect of each issue of variable coupon amount Notes will specify the basis for calculating the amounts of interest payable, which may be by reference to an index or formula or as otherwise provided in the relevant Final Terms.
Other Notes:	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, dual currency Notes, reverse dual currency Notes, optional dual currency Notes, partly-paid Notes, index-linked Notes and any other type of Notes which the relevant Issuer and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms.
Interest Periods and Interest Rates:	he length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.
Redemption:	Notes may be redeemable at par or at such other Redemption Amount (detailed in a formula or otherwise) as may be specified in the relevant Final Terms.
Variable Redemption Amount Notes:	The Final Terms issued in respect of each issue of variable redemption amount Notes will specify the basis for calculating the redemption amounts payable, which may be by reference to an index or formula or as otherwise provided in the relevant Final Terms.
Redemption by Instalments:	The Final Terms issued in respect of each issue of Notes which are redeemable in two or more instalments will set out the date on which, and the amounts in which, such Notes may be redeemed.
Optional Redemption:	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the relevant Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the relevant Issuer and will rank at all times at least <i>pari passu</i> without any preference among themselves and equally with all other present and future unsecured and unsubordinated obligations of the relevant Issuer, save for certain mandatory exceptions of applicable law. See "Terms and Conditions of the Notes - Status".

Guarantee:	Under the Deed of Guarantee, Mediobanca unconditionally and irrevocably guarantees payment of all amounts due in respect of Notes issued by Mediobanca International. See also “Terms and Conditions of the Notes - Status of Guarantee”.
Status of the Guarantee:	The payment obligations of the Guarantor under the Deed of Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor which will rank at all times at least pari passu without any preference among themselves and equally with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for certain mandatory exceptions of applicable law. See “Terms and Conditions of the Notes - Status”.
Cross Default:	The Notes will contain a cross default in respect of indebtedness for borrowed money of the relevant Issuer and, where applicable, the Guarantor as more fully set out in “Terms and Conditions of the Notes - Events of Default”.
Early Redemption:	Except as provided in “Optional Redemption” above, Notes will be redeemable at the option of the relevant Issuer prior to maturity only for tax reasons.
Withholding Tax:	All amounts payable by the relevant Issuer or, as the case may be, the Guarantor, under the Notes, the Fiscal Agency Agreement, the Deed of Guarantee, the Deeds of Covenant, the Dealership Agreement or any Relevant Agreement will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges of whatever nature imposed or levied by or on behalf of Luxembourg or any political subdivision thereof or any agency or authority therein or thereof having power to tax (in the case of payment made by or on behalf of Mediobanca International) or Italy or any political subdivision thereof or any agency or authority therein or thereof having power to tax (in the case of payments made by or on behalf of Mediobanca) without prejudice to the option of the relevant Issuer to redeem the Notes pursuant to, and subject to the conditions of, Condition 5(b). See “Terms and Conditions of the Notes - Taxation”.
Rating:	The rating of the Notes, if any, to be issued under the Programme will be specified in the applicable Final Terms.
Governing Law:	The Notes and all related contractual documentation will be governed by, and construed in accordance with, English law.
Listing:	<p>Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made for Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Luxembourg Stock Exchange.</p> <p>Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the relevant Series. Notes which are neither listed nor admitted to trading on any market may also be issued.</p> <p>The CSSF may, at the request of either Issuer, send to the competent authority of another European Economic Area Member State (i) a copy of this Base Prospectus; (ii) an Attestation Certificate in accordance with Article 18(i) of the Prospectus Directive; and (iii) if so required by such competent authority, a translation of this Summary.</p> <p>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</p>

conditions not contained herein which are applicable to each Tranche of Notes will be set out in the Final Terms which, with respect to Notes to be admitted to trading on the Luxembourg Stock Exchange, will be delivered to the Luxembourg Stock Exchange.

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.

Selling Restrictions:

See “Plan of Distribution”.

In connection with the offering and sale of a particular Tranche of Notes, additional selling restrictions may be imposed which will be set out in the relevant Final Terms.

Risk Factors:

Material risks that may affect either Issuer’s ability to fulfil its obligations under Notes issued under the Programme include the Group’s exposure to credit risk and credit losses, country risk, interest rate risk, funding and liquidity risk, market risk, currency risk and operational risks. Material risks relating to the structure of a particular issue of Notes may be volatile, the Notes may not pay interest or the payment of interest may depend on the market value of other securities, and payment of principal or interest may occur at different times or in a different currency from that expected. See “Risk Factors”.

RISK FACTORS

The Issuers and the Guarantor believe that the following factors may affect their ability to fulfil their obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and the Issuers and the Guarantor are not 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.

The Issuers and the Guarantor believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuers and the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuers and the Guarantor based on information currently available to them or which they may not currently be able to anticipate.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in “Form of Final Terms” and “Terms and Conditions of the Notes” or elsewhere in this Base Prospectus have the same meaning in this section. Prospective investors should read the entire Base Prospectus. In this section, “Issuer” refers to Mediobanca and/or to Mediobanca International as appropriate.

Risks relating to each Issuer and the Mediobanca Group

The Issuer’s financial results may be affected by events which are difficult to anticipate

The Issuer’s earning and business are affected by general economic conditions, the performance of financial markets, interest rate levels, currency exchange rates, changes in laws and regulation, changes in the policies of central banks, particularly the Bank of Italy and the European Central Bank, and competitive factors, in each case on a regional, national and international level. Each of these factors can change the level of demand for the Issuer’s products and services, the credit quality of borrowers and counterparties, the interest rate margin of the Issuer between lending and borrowing costs and the value of the Issuer’s investment and trading portfolios.

The Issuer’s financial results are affected by changes in interest rates

Fluctuations in interest rates in Italy and in the other markets in which the Issuer operates influence the Issuer’s performance. The results of the Issuer’s banking operations are affected by the Issuer’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 Issuer’s financial condition or results of operations.

The Issuer’s financial results may be affected by market declines and volatility

The results of the Issuer 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 Issuer’s customers may default on their loans or other obligations. Interest rate rises may also impact 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 Issuer’s borrowers and counter-parties can affect the overall credit quality and the recoverability of loans and amounts due from counterparties.

The Issuer is subject to credit and market risk

To the extent that any of the instruments and strategies the Issuer uses to hedge or otherwise manage its exposure to credit or market risk are not effective, the Issuer may not be able to mitigate effectively the Issuer’s risk exposures in particular market environments or against particular types of risk. The Issuer’s trading revenues and interest rate risk are dependent upon its ability to identify properly, and mark to market, changes in the value of financial instruments caused by changes in market prices or interest rates. The Issuer’s financial results also depend upon how effectively the Issuer determines and assesses the cost of credit and manages its credit risk and market risk concentration.

Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and leading to material losses

In some of the Issuer's businesses, protracted adverse market movements, particularly asset price declines, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if the Issuer cannot close out deteriorating positions in a timely way. This may especially be the case for assets of the Issuer for which there are not very liquid markets to begin with. Assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may have values that the Issuer calculates using models other than publicly quoted prices. Monitoring the deterioration of prices of assets like these is difficult and failure to do so effectively could lead to losses that the Issuer did not anticipate or that were higher than those anticipated. This in turn could adversely affect the Issuer's results of operations and financial condition.

The Issuer's investment banking revenues may decline in adverse market or economic conditions

Protracted or steep declines in the stock or bond markets in Italy and elsewhere may adversely impact the Issuer's investment banking, securities trading and brokerage activities, the Issuer's asset management and private banking services, as well as the Issuer's investments in and sales of products linked to financial assets performance.

The Issuer may generate lower revenues from brokerage and other commission and fee - based businesses

Market downturns may lead to declines in the volume of transactions that the Issuer executes for its customers and, therefore, to declines in the Issuer's non-interest revenues.

Intense competition, especially in the Italian market, where the Issuer has the largest concentration of its business, could materially adversely effect the Issuer's revenues and profitability

Competition is intense in all of the Issuer's primary business areas in Italy and the other countries in which the Issuer conducts its business. The Issuer derives most of its total banking income from its banking activities in Italy, a mature market where competitive pressures have been increasing quickly. If the Issuer is unable to continue to respond to the competitive environment in Italy with attractive product and service offerings that are profitable for the Issuer, 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 Issuer's risk management policies, procedures and methods may leave the Issuer exposed to unidentified or unanticipated risks, which could lead to material losses

The Issuer 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 Issuer'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 Issuer fails to identify or anticipate. If existing or potential customers believe that the Issuer's risk management policies and procedures are inadequate, the Issuer's reputation as well as its revenues and profits may be negatively affected.

The Issuer is subject to operational risk

The Issuer, 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 telecommunication systems. The Issuer's systems and processes are designed to ensure that the operational risks associated with the Issuer's activities are appropriately monitored. Any failure or weakness in these systems, however, could adversely affect the Issuer's financial performance and business activities.

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

The Issuer is subject to extensive regulation and supervision by the Bank of Italy, CONSOB (the Italian Securities and Exchange Commission), the European Central Bank and the European System of Central Banks and the CSSF in Luxembourg in relation to Mediobanca International. The banking laws to which the Issuer 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 Issuer 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 Issuer's business and operations. As some of the banking laws and regulations affecting the Issuer 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 Issuer.

Changes from Italian GAAP to IFRS may make comparison with the Issuer's current audited financial statements impossible

Pursuant to European Community Regulation EC 1606/2002, all companies listed on stock exchanges in the European Union, including the Issuer, are required to prepare their financial statements in accordance with international financial reporting standards (IFRS), beginning with the accounts for the financial year ending 31 December 2005. Mediobanca has already published its quarterly consolidated financial statements for the three months ended 30 September 2005 in accordance with IFRS. The first full year financial statements of Mediobanca (on a consolidated basis) and of Mediobanca International prepared in accordance with IFRS will be for the financial year ending 30 June 2006. The full nature and scope of the changes the Issuer will be required to make to its accounting policies and practices are currently unclear, as the IFRS criteria, in force at the date the Issuer's financial statements are prepared for periods ending after the date hereof, may differ from those applicable as at the date hereof. The Issuers cannot exclude the possibility that the change to IFRS could have a significant impact on individual line items in their financial statements and make any comparison with current financial statements extremely difficult, including the consolidated financial statements of Mediobanca for the 3 months ended 30 September 2005.

Risk relating to the Notes

The Notes may not be a suitable investment for all investors

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

- (i) in the case of structured Notes (plain vanilla Notes together with one or more embedded derivative instrument) proceed with investment only after fully appreciating the risks inherent in the nature of the Notes;
- (ii) 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;
- (iii) consider 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; and
- (iv) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in 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 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 also may 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 the light of other investments available at that time.

Redemption for tax reasons

Unless in the case of any particular Tranche of Notes the relevant Final Terms specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Luxembourg or Italy (as appropriate) or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

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 other factors which determine the amount of principal or interest (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:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) they may lose all or a substantial portion of their principal in case of non-capital guaranteed Notes;
- (iv) the relevant factors may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (v) if a relevant factor is applied to the Notes in conjunction with a multiplier greater than one or contains any other leverage factor, the effect of changes in the relevant factor on principal or interest payable likely will be magnified; and
- (vi) 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.

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 typically are 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 the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer’s ability to convert the interest rate 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, 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, 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.

Risks related to Notes generally

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

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to 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). If, following implementation of this Directive, a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. If a withholding tax is imposed on payment made by a Paying Agent following implementation of this Directive, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive. Mediobanca International is incorporated in and has its registered office in Luxembourg.

Change of law

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Base Prospectus.

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

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

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 that may be relevant in connection with an investment in Notes:

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 investors. 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 Issuer will pay principal and interest on the Notes 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 (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes. 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 review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

DOCUMENTS INCORPORATED BY REFERENCE

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

- the audited consolidated annual financial statements as at and for the years ended 30 June 2004 and 2005 of Mediobanca; and
- the audited non-consolidated annual financial statements as at and for the years ended 30 June 2004 and 2005 of Mediobanca International; and
- the unaudited consolidated financial statements as at and for the three months ended 30 September 2004 and 2005 of Mediobanca,

in each case together with the accompanying notes and (where applicable) auditor's reports, save that any statement contained in this Base Prospectus or in any of the documents incorporated by reference in, and forming part of, this Base Prospectus shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document subsequently incorporated by reference by way of supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such statement.

The Issuers will provide, without charge to each person to whom a copy of this Base Prospectus has been delivered, upon the request of such person, a copy of any or all the documents deemed to be incorporated by reference herein unless such documents have been modified or superseded as specified above, in which case the modified or superseded version of such document will be provided. Request for such documents should be directed to the Issuers at their offices set out at the end of this Base Prospectus. In addition, such documents will be available, without charge, at the principal office of the Arranger and of the Paying Agents in Luxembourg and on the Luxembourg Stock Exchange's website (*www.bourse.lu*).

CROSS-REFERENCE LIST

The following table shows where the information required under Annex XI, paragraphs 11.1 and 11.5 of Commission Regulation (EC) No. 809/2004 can be found in the above-mentioned documents incorporated by reference.

Mediobanca - Consolidated annual financial statements

<i>Commission Regulation (EC) No. 809/2004, Annex XI, Paragraph 11.1</i>	<i>2005</i>	<i>2004</i>
Balance sheet	Pages 44-45	Page 44
Statement of income	Page 46	Page 46
Accounting policies and explanatory notes	Pages 47-103	Pages 51-103
Auditors' review/reports	Page 37	Page 37

Mediobanca - Consolidated nine-monthly financial statements

<i>Commission Regulation (EC) No. 809/2004, Annex XI, Paragraph 11.54</i>	<i>2005</i>	<i>2004</i>
Balance sheet	Pages 8	Pages 5
Statement of income	Pages 7	Pages 4
Cash flow statement	N/A	N/A
Accounting policies and explanatory notes	Pages 9-29	Pages 6-16
Auditors' review/reports	Pages 47-48	N/A

Mediobanca International - Non-Consolidated annual financial statements

<i>Commission Regulation (EC) No. 809/2004, Annex XI, Paragraph 11.1</i>	<i>2005</i>	<i>2004</i>
Balance sheet	Page 2	Page 2
Statement of income	Page 3	Page 3
Cash flow statement	Page 4	Page 4
Accounting policies and explanatory notes	Pages 5-16	Pages 5-15
Auditors' review/reports	Page 1	Page 1

SUPPLEMENT TO THE BASE PROSPECTUS

The Issuers will prepare a replacement prospectus setting out the changes in the operations and financial conditions of the Issuers at least every year after the date of this Base Prospectus and each subsequent Base Prospectus.

The Issuers have given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to the information contained in this Base Prospectus which is capable of affecting the assessment of the Notes, it shall prepare a supplement to this Base Prospectus or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer a number of copies of such supplement as a Dealer may reasonably request.

In addition, the Issuers may agree with any Dealer to issue Notes in a form not contemplated in the “Form of Final Terms” on page 74, in which case a drawdown prospectus, if appropriate, will be made available and will describe the effect of the agreement in relation to such Notes.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Final Terms, will be applicable to the Notes in definitive form (if any) issued in exchange for the Global Notes(s) representing each Series and, subject further to simplification by deletion of non-applicable provisions, will be endorsed on such Notes, details of the relevant Series being shown on the relevant Notes and in the relevant Final Terms. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes which may be issued under the Programme.

The Notes are issued pursuant to an amended and restated fiscal agency agreement dated 30 December 2005, as amended or supplemented from time to time, (the “**Fiscal Agency Agreement**”) between Mediobanca - Banca di Credito Finanziario S.p.A. (“**Mediobanca**”), Mediobanca International (Luxembourg) S.A. (“**Mediobanca International**”) (each an “**Issuer**” and together, the “**Issuers**”), Mediobanca - Banca di Credito Finanziario S.p.A. (the “**Guarantor**” in respect of Notes issued by Mediobanca International), BNP Paribas Securities Services, Luxembourg Branch as fiscal agent (the “**Fiscal Agent**”) and principal paying agent and Citibank, N.A., London office as paying agent (together with the Fiscal Agent and any additional or other paying agents in respect of the Notes from time to time appointed, the “**Paying Agents**”) and, if issued by Mediobanca International, with the benefit of a deed of covenant dated 30 December 2005 executed by Mediobanca International in relation to the Notes and, if issued by Mediobanca, with the benefit of a deed of covenant dated 30 December 2005 executed by Mediobanca in relation to the Notes (in respect of any issue of Notes, the “**Deed of Covenant**”). The Guarantor has, for the benefit of the holders of Notes issued by Mediobanca International from time to time, executed and delivered a deed of guarantee (the “**Deed of Guarantee**”) dated 30 December 2005 under which it has guaranteed the due and punctual payment of all amounts due by Mediobanca International under the Notes and the Deed of Covenant as and when the same shall become due and payable (the “**Guarantee of the Notes**”). The initial Calculation Agent(s) (if any) is specified on the Notes. The holders of the Notes (as defined below), the holders of the interest coupons (the “**Coupons**”) appertaining to interest bearing Notes and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) and the holders of the instalment receipts (the “**Receipts**”) appertaining to the payment of principal by instalments are deemed to have notice of all of the provisions of the Fiscal Agency Agreement applicable to them.

The Final Terms issued in respect of each issue of Notes will specify whether the Issuer is Mediobanca or Mediobanca International. In these Conditions, any reference to a statute or regulation shall be construed as a reference to such statute or regulation as the same may have been, or may from time to time be, amended or re-enacted.

Copies of the Fiscal Agency Agreement, the Deed of Covenant and the Deed of Guarantee are available for inspection at the specified offices of each of the Paying Agents.

1. **Form, Denomination and Title**

The Notes are issued in bearer form in the Denomination(s) and in the Relevant Currency shown hereon.

Notes are issued with Coupons (and where appropriate, a Talon) attached save in the case of Notes which do not bear interest in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Any Note the principal amount of which is redeemable in instalments is issued with one or more Receipts attached.

Title to the Note and the Receipts, Coupons and Talons shall pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Receipt, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Receipt, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

In these Conditions, “**holder**” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Note, Receipt, Coupon or Talon. All capitalised terms which are not defined in these Conditions will have the meanings given to them in the relevant Final Terms, the absence of any such meaning indicating that such term is not applicable to the Notes. Those definitions will be endorsed on the Definitive Notes.

2. Status

(a) Status of Notes

The Notes will constitute direct unconditional, unsubordinated and unsecured obligations of the Issuer and will rank at all times at least pari passu without any preference among themselves and equally with all other present and future unsecured and unsubordinated obligations of the Issuer, save for certain mandatory exceptions of applicable law.

(b) Status of Guarantee

This Condition 2(b) (Status of the Guarantee) is only applicable in respect of Notes issued by Mediobanca International.

The Guarantee of the Notes constitutes direct, unconditional, unsubordinated and unsecured obligations of the Guarantor which will rank at all times at least pari passu without any preference among themselves and equally with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for certain mandatory exceptions of applicable law.

3. Redenomination

The Issuer may, without the consent of the Noteholders or Couponholders, on giving at least 30 days' prior notice to Noteholders, Euroclear, Clearstream, Luxembourg (and/or any other relevant clearing system), the Fiscal Agent and the Paying Agents, designate a Redenomination Date, being a date for payment of interest under the Notes (on or after the date on which the member state of the European Union in whose national currency such Notes are denominated has become a participating member in the third stage of European Economic and Monetary Union ("EMU")).

"Euro" means the single currency which was introduced at the start of EMU pursuant to the Treaty establishing the European Community as amended by the Treaty on European Union (the "Treaty").

With effect from the Redenomination Date notwithstanding the other provisions of the Conditions:

- (a) the Notes shall (unless already so provided by mandatory provisions of applicable law) be deemed to be redenominated into Euro in the denomination of Euro 0.01 with an aggregate principal amount equal to their aggregate principal amount in the Relevant Currency, converted into Euro at the rate for the conversion of the Relevant Currency into Euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to roundings in accordance with European Community regulations);
- (b) if definitive Notes are required to be issued, they shall be in the denominations of Euro 1,000, Euro 10,000, Euro 100,000 and/or such other denominations as the Fiscal Agent shall determine after consultation with the Issuer, Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and notify to Noteholders;
- (c) all unmatured Coupons denominated in the Relevant Currency (whether or not attached to the Notes) will become void and no payments will be made in respect of them. New certificates in respect of Euro-denominated Notes and Coupons will be issued in exchange for Notes and Coupons denominated in the Relevant Currency in such manner as the Fiscal Agent may specify and notify to Noteholders;
- (d) all payments in respect of the Notes (other than payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in Euro. Such 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 by cheque;
- (e) a Note or Coupon may only be presented for payment on a day which is a day on which the TARGET system is operating;
- (f) the amount of interest due in respect of Notes will be calculated by reference to the aggregate principal 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 Euro 0.01;
- (g) if interest is required to be calculated for a period of less than one year, it will be calculated on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall

in a leap year, the sum of (A) the number of those days falling in a leap year divided by 366 and (B) the number of those days falling in a non-leap year divided by 365); provided that, in the case of the paragraphs (e) and (g), if the Issuer determines, with the agreement of the Fiscal Agent, that the then market practice in respect of Euro denominated internationally offered securities is different from that specified in those paragraphs, such paragraphs 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 Paying Agents of such deemed amendments.

4. Interest and Other Calculations

(a) Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time not comprising a complete year (whether or not constituting an Interest Period, the “**Calculation Period**”):

- (i) if “**Actual/365**” or “**Actual/Actual (ISDA)**” is specified on the face of the Note, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified on the face of the Note, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/360**” is specified on the face of the Note, the actual number of days in the Calculation Period divided by 360;
- (iv) if “**30/360**” is specified on the face of the Note, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));
- (v) if “**30E/360**” or “**Eurobond Basis**” is specified on the face of the Note the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the date of final maturity is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); and
- (vi) if “**Actual/Actual - ICMA**” is specified on the face of the Note, (a) if the Interest Accrual Period is the same as or shorter than the Calculation Period during which it falls, the number of days in such Interest Accrual Period divided by (x) the number of days in such Calculation Period times (y) the number of Calculation Periods or (b) if the Interest Accrual Period starts in one Calculation Period and ends in another, the sum of (A) the number of days in such Interest Accrual Period falling within the first Calculation Period divided by (x) such number of days in the first Calculation Period times (y) the number of Calculation Periods and (B) the calculation in (A), but substituting “second Calculation Period” for “first Calculation Period”.

“**Effective Date**” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such hereon or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

“**Euro-zone**” means the region comprised of member states of the European Union which adopt the Euro in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union.

“**FSMA**” means the Financial Services and Markets Act 2000.

“**Interest Accrual Period**” means the period beginning on the Interest Commencement Date and ending on the first Interest Period Date and each successive period beginning on an Interest Period Date and ending on the next succeeding Interest Period Date.

“**Interest Commencement Date**” means the date of issue of the Notes (the “**Issue Date**”) or such other date as may be specified hereon.

“**Interest Determination Date**” means, with respect to an Interest Rate and Interest Accrual Period, the date specified as such hereon or, if none is so specified, the first day of such Interest Accrual Period if the Relevant Currency is sterling or the day falling two Relevant Business Days in London prior to the first day of such Interest Accrual Period if the specified currency is not sterling.

“**Interest Period**” means the period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date.

“**Interest Period Date**” means each Interest Payment Date unless otherwise specified hereon.

“**Interest Rate**” means the rate of interest (expressed as a percentage per annum) payable from time to time in respect of this Note and which is either specified, or calculated in accordance with the provisions, hereon.

“**Page**” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuter Financial Services (“**Reuters**”) and the Dow-Jones Telerate Service (“**Telerate**”)) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

“**Reference Banks**” means, the institutions specified as such on the Notes or, if none, four (or, if the Relevant Financial Centre is Helsinki, five) major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money market) which is most closely connected with the Benchmark.

“**Relevant Business Day**” means:

- (i) in the case of a specified currency other than Euro and/or one or more specified financial centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in Luxembourg or in the principal financial centre for that currency and/or each of the financial centres so specified; and/or
- (ii) in the case of Euro, a day on which the TARGET system is operating (a “**TARGET Business Day**”); and/or
- (iii) in the case of a specified currency and for one or more specified financial centres, a day (other than a Saturday or a Sunday) in which commercial banks and foreign exchange markets settle payments in the specified currency or, if none is specified, generally in each of the financial centres so specified (including Luxembourg).

“**Relevant Currency**” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“**Relevant Financial Centre**” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the financial centre as may be specified as such hereon or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, London.

“**Relevant Rate**” means the Benchmark for a Representative Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date.

“**Relevant Time**” means, with respect to any Interest Determination Date, the local time in the

Relevant Financial Centre specified hereon or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the relevant currency in the interbank market in the Relevant Financial Centre provided that if the Relevant Currency is Euro and the Benchmark is EURIBOR, the Relevant Time shall be 11.00 am Brussels time.

“**Representative Amount**” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the amount specified as such hereon or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

“**Specified Duration**” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the duration specified hereon or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 4(c).

“**TARGET**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto.

(b) *Interest Rate and Accrual*

Each Note bears interest on its outstanding principal amount from the Interest Commencement Date at the Interest Rate, such interest being payable in arrear on each interest payment date (each, an “**Interest Payment Date**”).

Interest will cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the Interest Rate in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7).

(c) *Business Day Convention*

If any date referred to in these Conditions which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Relevant Business Day, then, if the Business Day Convention specified is (i) the Floating Rate Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding Relevant Business Day and (B) each subsequent such date shall be the last Relevant Business Day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Relevant Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Relevant Business Day.

(d) *Interest Rate on Floating Rate Notes*

If the Interest Rate is specified as being Floating Rate, the Interest Rate for each Interest Accrual Period will be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (i) if the Primary Source for the Floating Rate is a Page, subject as provided below, the Interest Rate shall be:
 - (x) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity); or
 - (y) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,in each case appearing on such Page at the Relevant Time on the Interest Determination Date;
- (ii) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (i)(x) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (i)(y) above applies and fewer than two Relevant

Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Interest Rate shall be the arithmetic mean of the Relevant Rates which each of the Reference Banks is quoting to major banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent;

- (iii) if paragraph (ii) above applies, the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Interest Rate shall be the arithmetic mean of the rates (expressed as a percentage) which the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Relevant Currency which five leading banks as selected by the Calculation Agent in the principal financial centre of the country of the Relevant Currency or, if the Relevant Currency is Euro and the Benchmark is EURIBOR, in the Euro-zone (the “**Principal Financial Centre**”) selected by the Calculation Agent are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration to leading banks carrying on business in Europe or, if the Calculation Agent determines that fewer than two of such banks are so quoting, in the Principal Financial Centre, except that, if fewer than two of the banks in the Principal Financial Centre so selected by the Calculation Agent are quoting as aforesaid, the Interest Rate shall be the Interest Rate determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period); and
 - (iv) if paragraph (iii) above applies and the Calculation Agent is unable to determine the Interest Rate in accordance with that paragraph, the Interest Rate for such Interest Accrual Period shall be the Interest Rate in effect for the last preceding Interest Accrual Period to which paragraphs (i) and (ii) above shall have applied (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).
- (e) *Interest Rate on Zero Coupon Notes*

Where a Note the Interest Rate of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Redemption Amount of such Note in accordance with Condition 5(d). As from the Maturity Date, the Interest Rate for any overdue principal of such a Note shall be a rate (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 5(d)).

- (f) *Margin, Maximum/Minimum Interest Rates, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding*
- (i) If any Margin or Rate Multiplier is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Interest Rates, in the case of (x), or the Interest Rates for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (c) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.
 - (ii) If any Maximum or Minimum Interest Rate, Instalment Amount or Redemption Amount is specified hereon, then any Interest Rate, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
 - (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures will be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of Yen, which shall be rounded down to the nearest Yen. For these purposes “unit” means, with respect to any currency other than Euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to Euro, means 0.01 Euro.

(g) *Calculations*

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Interest Rate and the outstanding principal amount of such Note by the Day Count Fraction, save that (i) where an Interest Amount (or a formula for its calculation) is specified in respect of such period, the amount of interest payable in respect of such Note for such period will equal such Interest Amount (or be calculated in accordance with a formula) and (ii) in the case of Notes where the Interest Rate is fixed, the interest shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed or, if specified in the Final Terms, on the basis of a Day Count Fraction of Actual/Actual - ICMA. Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(h) *Determination and Publication of Interest Rates, Interest Amounts, Redemption Amounts and Instalment Amounts*

After the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount or Instalment Amount, obtain any quote or make any determination or calculation, it will, promptly, determine the Interest Rate and calculate the amount of interest payable (the “**Interest Amounts**”) on the principal amount of the Notes for the relevant Interest Accrual Period, calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the holders of the Notes, any other Calculation Agent appointed in respect of the Notes which is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so requires, such exchange promptly after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of an Interest Rate and Interest Amount, or (ii) in all other cases, the fourth Relevant Business Day after such determination. The Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made. The determination of each Interest Rate, Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(i) *Calculation Agent and Reference Banks*

The Issuer will use its best endeavours to ensure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the Conditions applicable to the Notes and for so long as any Notes are outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer will appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for any Interest Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint the London office of a leading bank engaged in the London interbank market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

5. Redemption, Purchase and Options

(a) *Final Redemption*

Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to an option of the Issuer or holder of Notes in accordance with Condition 5(e) or (f), each Note will be redeemed at its Redemption Amount (which, unless otherwise provided, is its principal amount) on the Maturity Date specified on each Note.

(b) *Redemption for taxation reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time, on giving not less than 30 nor more than 60 days' notice to the holders of Notes (which notice shall be irrevocable), at their Redemption Amount, (together with interest accrued to the date fixed for redemption), if (i) the Issuer (or, if the Guarantee of the Notes were called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of Luxembourg or any political subdivision thereof or any agency or authority thereof or therein having power to tax (in the case of payments made by or on behalf of Mediobanca International) or the Republic of Italy or any political subdivision thereof or any agency or authority thereof or therein having power to tax (in the case of payments made by or on behalf of Mediobanca), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligations cannot be avoided by the Issuer (or the Guarantor, as the case may be) 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 the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by a director of the Issuer (or the Guarantor, as the case may be) stating that such Issuer (or the Guarantor, as the case may be) is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of such Issuer (or the Guarantor, as the case may be) so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such additional amounts as a result of such change or amendment.

(c) *Purchases*

The Issuer, the Guarantor and any of the Guarantor's subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price.

(d) *Early Redemption of Zero Coupon Notes*

- (i) The Redemption Amount payable in respect of any Note which does not bear interest prior to the Maturity Date, the Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 5(b) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (iii) If the Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(b) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment), until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 4(e).
- (e) *Redemption at the Option of the Issuer and Exercise of Issuer's Options*
- If so provided hereon, the Issuer may, on giving irrevocable notice to the holders of Notes falling within the Issuer's Option Period (as specified in the relevant Final Terms) redeem, or exercise the Issuer's option in relation to, all or, if so provided, some of the Notes in the principal amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount together with interest accrued to the date fixed for redemption, unless otherwise specified in the relevant Final Terms.
- All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.
- In the case of a partial redemption or a partial exercise of an Issuer's option the notice to holders of Notes shall also contain the serial numbers of the Notes to be redeemed, which shall have been drawn in such place as the Fiscal Agent may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange requirements.
- (f) *Redemption at the Option of holders of Notes and holders' Exercise of Notes Options*
- If so provided hereon, the Issuer shall, at the option of the holder of any such Note, redeem such Note on the date or dates so provided at its Redemption Amount together with interest accrued to the date fixed for redemption, unless otherwise specified in the relevant Final Terms.
- To exercise such option or any other option of a holder of Notes which may be set out hereon the holder must deposit such Note with any Paying Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, within the Option Period of a holder of Notes (as specified in the relevant Final Terms). No Note so deposited and option exercised may be withdrawn (except as provided in the Fiscal Agency Agreement) without the prior consent of the Issuer.
- (g) *Redemption by Instalments*
- Unless previously redeemed, purchased and cancelled as provided in this Condition 5 on the relevant Instalment Date (being one of the dates so specified on the Notes) is extended pursuant to an option of the Issuer or holder of Notes in accordance with Condition 5(e) or (f), each Note which provides for Instalment Dates and Instalment Amounts will be partially redeemed on each Instalment Date at the Instalment Amount specified on it, whereupon the outstanding principal amount of such Note shall be reduced by the Instalment Amount for all purposes.
- (h) *Cancellation*
- Notes purchased by or on behalf of the Issuer, the Guarantor or any of the Guarantor's subsidiaries (where applicable) may be surrendered for cancellation, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, if so surrendered, will, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor (where applicable) in respect of any such Notes shall be discharged.

6. Payments and Talons

(a) *Payments outside the United States*

Payments of principal and interest in respect of Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipts are presented for payment together with their relative Notes), Notes (in the case of all other payments of principal and, in the case of interest as specified in Condition 6(e)(vi)) or Coupons (in the case of interest, save as specified in Condition 6(e)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holder, by transfer to an account denominated in that currency with, a bank in the principal financial centre of that currency: provided that in the case of Euro, the transfer may be to a Euro account.

(b) *Payments in the United States*

Notwithstanding the foregoing, if any Notes are denominated in US Dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law. without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(c) *Payments Subject to Law, etc.*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the holders of Notes or Couponholders in respect of such payments.

(d) *Appointment of Agents*

The Fiscal Agent, the Paying Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantor (where applicable) and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer and the Guarantor (where applicable) reserve the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Calculation Agent, the Registrar or any Transfer Agent and to appoint additional or other agents provided that the Issuer will at all times maintain (i) a Fiscal Agent, (ii) a Calculation Agent where the Conditions so require one, (iii) the Issuer and the Guarantor (where applicable) will ensure that they maintain a Paying Agent in an EU member state that will not be obliged to withhold or deduct tax, pursuant to European Council Directive 2003/48/EU and any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November 2000, (iv) Paying Agents having a specified office in at least two major European cities (including Luxembourg so long as the Notes are listed on the Luxembourg Stock Exchange), and (v) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York in respect of any Notes denominated in US Dollars in the circumstances described in paragraph (b) above.

Notice of any such change or any change of any specified office will promptly be given to the holders of Notes in accordance with Condition 13.

(e) *Unmatured Coupons and Receipts and unexchanged Talons*

(i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Notes should be surrendered for payment together with all

unmatured Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

- (ii) If the relevant Notes so provide, upon the due date for redemption of any Note, unmatured Coupons relating to such Notes (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (iii) Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
 - (iv) Upon the due date for redemption of any Note which is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (v) Where any Note which provides that the relative Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provisions of such indemnity as the Issuer may require.
 - (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note. Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note.
- (f) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons which may have become void pursuant to Condition 8).

- (g) *Non-Business Days*

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “Business Day Jurisdictions” hereon and;

- (i) (in the case of a payment in a currency other than Euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in Euro) on which banks are open for business and carrying out transactions in Euro in the jurisdiction in which the Euro account specified by the payee is located.

7. Taxation

(a) *Gross Up*

All payments of principal and interest in respect of the Notes, the Receipts and the Coupons by the Issuer or (as the case may be) the Guarantor under the Deed of Guarantee 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 the Grand Duchy of Luxembourg or any political subdivision thereof or any agency or authority therein or thereof having power to tax (in the case of payments made by or on behalf of Mediobanca International) or the Republic of Italy or any political subdivision thereof or any agency or authority therein or thereof having power to tax (in the case of payments made by or on behalf of Mediobanca), unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as may 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 have been received in respect of the Notes, Receipts or (as the case may be) Coupons, in the absence of such withholding or deduction: except that no additional amounts shall be payable with respect to any payment in respect of any Note, Receipt or Coupon or (as the case may be) under the Deed of Guarantee:

- (i) (A) to, or to a third party on behalf of, a holder who is subject to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of its having some connection (otherwise than merely by holding the Note, Receipt or Coupon) with (in the case of payments of principal and interest made by or on behalf of Mediobanca International) the Grand Duchy of Luxembourg or (in the case of payments of principal and interest made by or on behalf of Mediobanca) the Republic of Italy; (B) with respect to any Note, Receipt or Coupon presented for payment in the Republic of Italy; (C) for or on account of imposta sostitutiva pursuant to Legislative Decree No. 239 of 1 April 1996, Legislative Decree No. 461 of 21 November 1997 or related implementing regulations; (D) in all circumstances in which the requirements and procedures of such Legislative Decree No. 239 have not been met or complied with (except where due to the actions or omissions of the Issuer, the Guarantor or their agents); or (E) to, or to a third party 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 of non-residence or other similar claim for exemption to the relevant taxing authority but has failed to do so;
- (ii) (in the case of payments of principal and interest made by or on behalf of Mediobanca) to a holder who is a non-Italian resident individual or legal entity which is resident in a tax haven country (as defined and listed in the Ministry of Finance Decree of 23 January 2002) or in a country which does not allow for an adequate exchange of information with the Italian tax authorities;
- (iii) for any Note, Receipt or Coupon presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the thirtieth such day;
- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (v) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another paying agent in a Member State of the European Union; or
- (vi) (in the case of payments of principal and interest made by or on behalf of Mediobanca) with respect to any Notes having an original maturity of less than 18 months where withholding or deduction is required by law pursuant to Presidential Decree No. 600 of 29 September 1973,

without prejudice to the option of the Issuer to redeem the Notes pursuant to, and subject to the conditions of, Condition 5(b).

(b) *Taxing Jurisdiction*

If the Issuer or the Guarantor (where applicable) becomes subject at any time to any taxing jurisdiction other than the Grand Duchy of Luxembourg or the Republic of Italy respectively, references in these Conditions to Luxembourg or Italy shall be construed as references to the Grand Duchy of Luxembourg or (as the case may be) the Republic of Italy and/or such other jurisdiction.

As used in these Conditions, “**Relevant Date**” in respect of any Note, Receipt or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the holders of Notes in accordance with Condition 13 that, upon further presentation of the Note, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts which may be payable under this Condition.

8. **Prescription**

Claims against the Issuer and the Guarantor (where applicable) for payment in respect of the Notes, Receipts and Coupons (which, for this purpose shall not include Talons) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect thereof.

9. **Events of Default**

If any of the following events (each an “Event of Default”) occurs and is continuing, the holder of a Note of any Series may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Redemption Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable:

- (i) *Default in payment of principal or interest*: default is made for a period of five Business Days or more in the payment of any principal on any of the Notes or for a period of fifteen Business Days or more in the payment of any interest due in respect of the Notes or any of them;
- (ii) *Failure to perform any other Obligation*: the Issuer or the Guarantor (where applicable) fails duly to perform any other obligation under or in respect of the Notes, the Deed of Guarantee or the Fiscal Agency Agreement and such failure continues for more than 30 days after the service by a holder of a Note of notice on the Issuer requiring the same to be remedied;
- (iii) *Suspension of payments*: the Issuer or the Guarantor (where applicable) suspends its payments generally;
- (iv) *Bankruptcy, composition or similar event*: a court in the country of domicile of the Issuer or the Guarantor (where applicable) institutes bankruptcy proceedings or composition proceedings to avert a bankruptcy or the Issuer or the Guarantor (where applicable) applies for institution of such proceedings or any event occurs which under the laws of the Republic of Italy or Luxembourg has an analogous effect to such proceedings;
- (v) *Cross-default*: (i) any other present or future indebtedness of the Issuer or the Guarantor (where applicable) for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity as a result of any payment default thereon by the Issuer or, as the case may be, the Guarantor (where applicable), or (ii) any such indebtedness is not paid when due or, as the case may be, within an applicable grace period, or (iii) the Issuer or the Guarantor (where applicable) fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (v) have occurred equals or exceeds Euro 15,000,000;

- (vi) *Insolvency*: either the Issuer or the Guarantor (where applicable) is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay 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 the Issuer or the Guarantor (where applicable);
- (vii) *Winding-up*: an order is made or an effective resolution is passed for the winding-up or dissolution or administration of the Issuer or the Guarantor (where applicable), or the Issuer or the Guarantor (where applicable) applies or petitions for a winding-up or administration order in respect of itself or ceases or threatens to cease to carry on all or substantially all of its business or operations, in each case except for the purposes of and pursuant to or in connection with a reconstruction, amalgamation, reorganisation, merger, de-merger, consolidation, deconsolidation or disposal of assets;
- (viii) *Ownership*: in respect of Notes issued by Mediobanca International, Mediobanca International ceases to be controlled by Mediobanca (except in the case of a reconstruction, amalgamation, reorganisation, merger, de-merger, consolidation or similar transaction by which Mediobanca assumes the payment obligations of Mediobanca International under the Notes);
- (ix) *Illegality*: it is or will become unlawful for the Issuer or the Guarantor (where applicable) to perform or comply with any one or more of its obligations under any of the Notes or the Deed of Guarantee (where applicable) (except in the case of a reconstruction, amalgamation, reorganisation, merger, de-merger, consolidation or similar transaction by which Mediobanca assumes the payment obligations of Mediobanca International under the Notes); or
- (x) *Guarantee*: in respect of Notes issued by Mediobanca International, the Deed of Guarantee (where applicable) ceases to be a valid and binding obligation of the Guarantor or it becomes unlawful for the Guarantor to perform its obligations under the Deed of Guarantee or the Deed of Guarantee is claimed by Mediobanca International or the Guarantor not to be in full force and effect (except in the case of a reconstruction, amalgamation, reorganisation, merger, de-merger, consolidation or similar transaction by which Mediobanca assumes the payment obligations of Mediobanca International under the Notes).

10. Meetings of holders of Notes and Modifications

(a) Meetings of holders of Notes

The Fiscal Agency Agreement contains provisions for convening meetings of holders of Notes to consider any matter affecting their interest, including modification by Extraordinary Resolution of the Notes (including these Conditions insofar as the same may apply to such Notes). An Extraordinary Resolution duly passed at any such meeting shall be binding on all the holders of Notes, whether present or not and on all relevant holders of Coupons, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest thereon, (ii) to reduce or cancel the principal amount of any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating the Interest Amount in respect thereof, (iv) if a Minimum and/or a Maximum Interest Rate, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to change any method of calculating the Redemption Amount, (vi) to change the currency or currencies of payment or denomination of the Notes, (vii) to take any steps which as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (viii) to modify the provisions concerning the quorum required at any meeting of holders of Notes or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the holders of Notes (or at any adjournment thereof) at which a special quorum (provided for in the Fiscal Agency Agreement) is present.

(b) Modification of Fiscal Agency Agreement

The Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the holders of Notes.

11. Replacement of Notes, Receipts, Coupons and Talons

If a Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and stock exchange regulations, at the specified office of the Fiscal Agent or such other Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to holders in accordance with Condition 13, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. Further Issues and Consolidation

The Issuer may from time to time without the consent of the holders of Notes or Coupons create and issue further notes having the same terms and conditions as the Notes and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.

The Issuer may also from time to time upon not less than 30 days’ prior notice to Noteholders, without the consent of the holders of Notes or Coupons of any Series, consolidate the Notes with Notes of one or more other Series (the “Other Notes”) issued by it, provided the Notes and the Other Notes have been redenominated into Euro (if not originally denominated in Euro), and otherwise have, in respect of all periods subsequent to such consolidation, the same terms. Notice of any such consolidation will be given to the Noteholders in accordance with Condition 13. The Fiscal Agent shall act as the consolidation agent.

With effect from their consolidation, the Notes and the Other Notes will (if listed prior to such consolidation) be listed on at least one European stock exchange on which either the Notes or the Other Notes were listed immediately prior to such consolidation.

The Issuer shall in dealing with holders of such Notes following a consolidation pursuant to this Condition 12 have regard to the interest of the holders and the holders of the Other Notes, taken together as a class, and shall treat them alike.

13. Notices

Notices to the holders of Notes will be valid if published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *d’Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu). If any such publication is not practicable, notice will be validly given if published in another leading daily English language newspaper of general circulation in Europe.

Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Holders of Coupons shall be deemed for all purposes to have notice of the contents of any notice to the holders of Notes in accordance with this Condition.

14. Substitution of the Issuer

This Condition 14 (Substitution of the Issuer) only applies in respect of Notes issued by Mediobanca International.

- (a) The Issuer and the Guarantor may at any time, without the consent of the holders of Notes or Coupons, substitute for the Issuer any company (the “Substitute”) upon notice by the Issuer, the Guarantor and the Substitute to be given in accordance with Condition 13, provided that;
 - (i) no payment in respect of the Notes, the Receipts or the Coupons or the Deed of Guarantee (as the case may be) is at the relevant time overdue;

- (ii) the Substitute shall, by means of a deed poll in the form scheduled to the Fiscal Agency Agreement as Schedule 7 (the “Deed Poll”), agree to indemnify each holder of Notes and Coupons against any tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute’s residence for tax purposes and, if different, of its incorporation with respect to any Note, Receipt, Coupon, Talon or the Deed of Covenant and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution;
 - (iii) where the Substitute is not the Guarantor, the obligations of the Substitute under the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant shall be unconditionally guaranteed by the Guarantor by means of the Deed Poll;
 - (iv) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Receipts, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Deed Poll of the Guarantor have been taken, fulfilled and done and are in full force and effect;
 - (v) the Substitute shall have become party to the Fiscal Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it;
 - (vi) legal opinions shall have been delivered to the Fiscal Agent from lawyers of recognised standing in each jurisdiction referred to in (ii) above, in Italy and in England as to the fulfilment of the requirements of this Condition 14 and the other matters specified in the Deed Poll and that the Notes, Receipts, Coupons and Talons are legal, valid and binding obligations of the Substitute;
 - (vii) each stock exchange on which the Notes are listed shall have confirmed that, following the proposed substitution of the Substitute, the Notes will continue to be listed on such stock exchange;
 - (viii) if applicable, the Substitute has appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes.
- (b) Upon the execution of the Deed Poll and the delivery of the legal opinions, the Substitute shall succeed to, and be substituted for, and may exercise every right and power, of the Issuer under the Notes and the Fiscal Agency Agreement with the same effect as if the Substitute had been named as the Issuer herein, and the Issuer shall be released from its obligations under the Notes and under the Fiscal Agency Agreement.
 - (c) After a substitution pursuant to Condition 14(a), the Substitute may, without the consent of any holder, effect a further substitution. All the provisions specified in Conditions 14(a) and 14(b) shall apply *mutatis mutandis*, and references in these Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substitute.
 - (d) After a substitution pursuant to Condition 14(a) or 14(c) any Substitute may, without the consent of any holder, reverse the substitution, *mutatis mutandis*.
 - (e) The Deed Poll and all documents relating to the substitution shall be delivered to, and kept by, the Fiscal Agent. Copies of such documents will be available free of charge at the specified office of each of the Paying Agents.

15. Law and Jurisdiction

- (i) *Governing Law*: The Notes and all matters arising from or connected with the Notes are governed by, and shall be construed in accordance with, English law.
- (ii) *English courts*: Subject to Condition 15 (iv), the courts of England have exclusive jurisdiction to settle any dispute (a “**Dispute**”), arising from or connected with the Notes.
- (iii) *Appropriate forum*: Each of the Issuer and the Guarantor (where applicable) agree that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that they will not argue to the contrary

- (iv) *Rights of the Noteholders to take proceeding outside England:* Condition 15 (ii) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 15 (*Law and Jurisdiction*) prevents any Noteholder from taking proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.
- (v) *Process agent:* Each of the Issuer and the Guarantor (where applicable) agree that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on them by being delivered to Clifford Chance Secretaries Limited at 10 Upper Bank Street, London E14 5JJ or, if different, its registered office for the time being or at any address of the Issuer or the Guarantor (where applicable) in Great Britain at which process may be served on it in accordance with Part XXIII of the Companies Act 1985. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer and the Guarantor (where applicable), the Issuer and the Guarantor (where applicable) shall, on the written demand of any Noteholder addressed and delivered to the Issuer and to the Guarantor (where applicable) or to the specified office of the Fiscal Agent appoint a further person in England to accept service of process on their behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and the Guarantor (where applicable) and delivered to the Issuer and the Guarantor (where applicable) or to the specified office of the Fiscal Agent, Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This clause applies to Proceedings in England and to Proceedings elsewhere.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

Each Tranche of Notes having an original maturity of more than one year will initially be represented by a temporary Global Note, in bearer form without Coupons, and each Tranche of Notes having an original maturity of one year or less will be represented by a permanent Global Note which, in each case: will be deposited on behalf of the subscribers of the relevant Notes (a) in the case of a Tranche intended to be cleared through Euroclear and/or Clearstream, Luxembourg with a common depository (the “Common Depository”) for Euroclear and for Clearstream, Luxembourg or (b) in the case of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and Clearstream, Luxembourg or delivered outside a clearing system as otherwise agreed between the relevant Issuer and the Relevant Dealer on or about the issue date of the relevant Notes. Upon the initial deposit of a Global Note with the Common Depository, or a common depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of Notes equal to the principal amount thereof to which it has subscribed and paid.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a Note represented by a Global Note must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the relevant Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Notes, subject to and in accordance with the respective rules and procedures of Euroclear and/or Clearstream, Luxembourg (as the case may be). Such persons shall have no claim directly against such Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note and such obligations of such Issuer will be discharged by payment to the bearer of such Global Note in respect of each amount so paid.

Amendment to Conditions

The temporary Global Notes and the permanent Global Notes contain provisions which apply to the Notes which they represent, some of which modify the effect of the terms and conditions of the Notes set out in this document. The following is a summary of certain of those provisions:

1. Exchange

Each temporary Global Note will be exchangeable in whole (or, if the rules of the relevant clearing system so permit, in part) for interests in a permanent Global Note or, if so provided in a temporary Global Note, for definitive Notes (as described in the next paragraph) after the date falling 40 days after the issue date of the Notes upon certification as to non-U.S. beneficial ownership in the form set out in the amended and restated fiscal agency agreement dated 30 December 2005 as further amended or supplemented from time to time (the “**Fiscal Agency Agreement**”). If specified in the relevant Final Terms, each permanent Global Note is exchangeable in whole (or, in the case of Partly-paid Notes only, in part) at the request and cost and expense of the relevant Issuer for definitive Notes by such holder giving notice to the Fiscal Agent, or by such Issuer giving notice to the Fiscal Agent and the holders of its intention to exchange (at the option, cost and expense of such Issuer) such permanent Global Note for definitive Notes on or after the Exchange Date specified in the notice.

On or after any Exchange Date (as defined below) the holder of a permanent Global Note may surrender such permanent Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any permanent Global Note, or the part thereof to be exchanged, the relevant Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Notes (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts which have not already been paid on the permanent Global Note and a Talon), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 2 to the Fiscal Agency Agreement. On exchange in full of each permanent Global Note, the relevant Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant definitive Notes.

“**Exchange Date**” means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the cities in which the relevant clearing system is located.

2. **Payments**

No payment falling due more than 40 days after the Issue Date will be made on a temporary Global Note unless exchange for an interest in a permanent Global Note or for definitive Notes is improperly withheld or refused. Payments on any temporary Global Note during the period up to 40 days after its Issue Date will only be made against presentation of certification as to non U.S. beneficial ownership in the form set out in the Fiscal Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the holders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes.

3. **Notices**

So long as any Notes are represented by a permanent Global Note and such permanent Global Note is held on behalf of a clearing system, notices to holders of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note except that so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that Exchange so require, notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *d'Wort*).

4. **Prescription**

Claims against a relevant Issuer in respect of Notes which are represented by a permanent Global Note will become void unless it is presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7).

5. **Meetings**

The holder of a permanent Global Note will be treated as being two persons for the purposes of any quorum requirements of a meeting of holders and at any such meeting, as having one vote in respect of each minimum Denomination of Notes for which such Global Note may be exchanged.

6. **Purchase and Cancellation**

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

7. **Default**

Each Global Note provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 9 by stating in the notice to the Fiscal Agent the principal amount of such Global Note which is becoming due and repayable. Following the giving of a notice of an event of default by or through a common depositary for Euroclear and Clearstream, Luxembourg or if so specified by the holder giving such notice, the Global Note will become void as to the specified portion and the persons entitled to such portion as accountholders with a clearing system will acquire direct enforcement rights against the relevant issuer under the terms of the Deed of Covenant.

8. **Issuer's Option**

No drawing of Notes will be required under Condition 5(e) in the event that the relevant Issuer exercises any option relating to those Notes while all such Notes which are outstanding are represented by a permanent Global Note. In the event that any option of the relevant Issuer is exercised in respect of some but not all of the Notes of any series, the rights of accountholders with Euroclear and/or Clearstream, Luxembourg in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (as the case may be).

9. **Option of holders of Notes**

Any option of a holder of Notes may be exercised by the holder of a Global Note giving notice to the Fiscal Agent or any Paying Agent of the principal amount of Notes in respect of which the option is exercised and presenting such Global Note for endorsement of exercise within the time limits specified in the Conditions.

10. Partly-paid Notes

The provisions relating to Partly-paid Notes will be contained in the Global Notes. For so long as any instalments of the subscription moneys due from the holder of Partly-paid Notes are due, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for definitive Notes (as the case may be). In the event that any holder of Notes fails to pay any instalment due on any Partly-paid Notes within the time specified, the relevant Issuer may be entitled to forfeit such Notes and shall have no further obligation to their holder in respect of them.

11. Redenomination

Following redenomination of the Notes pursuant to Condition 3, the amount of interest due in respect of Notes represented by the Global Note will be calculated by reference to the aggregate principal amount of such Notes and the amounts of such payment shall be rounded down to the nearest Euro 0.01.

USE OF PROCEEDS

The net proceeds of the issue of each Tranche of Notes will be used for the general corporate purposes of the relevant Issuer and, in the case of issues by Mediobanca International, may be made available to Mediobanca - Banca di Credito Finanziario S.p.A. for its general banking activity.

INFORMATION ON MEDIOBANCA - BANCA DI CREDITO FINANZIARIO S.p.A.

(a) General Information

Name:	Mediobanca - Banca di Credito Finanziario S.p.A. (“ Mediobanca ”, the “ Guarantor ” or the “ Bank ”).
Date of Incorporation:	10 April 1946, under Italian law.
Registered Office and domicile:	Piazzetta E. Cuccia 1, Milan, Italy.
Investor relations telephone number:	+39 02 8829860.
Registration and legal form:	Registered in Milan, Italy under No. 00714490158 as a company limited by shares (<i>Società per Azioni</i>).
Duration:	30 June 2050.
Financial Year:	Mediobanca’s financial year ends on 30th June of each year.
General Meetings:	General Meetings are held at least once a year within 120 days after the close of the financial year or, in the event of special circumstances as determined by the Directors, not later than 180 days thereafter.
Corporate Objects:	<p>The purpose of Mediobanca shall be to raise funds and provide credit in any of the forms permitted, especially medium- and long-term credit to corporates. Within the limits laid down by current regulations, Mediobanca may execute all banking, financial and intermediation-related transactions and/or services and carry out any transaction deemed to be instrumental to or otherwise connected with achievement of Mediobanca’s purpose.</p> <p>Mediobanca has a number of significant holdings in major industrial and financial companies in Italy and abroad.</p>
Rating:	Standard and Poor’s Rating Services, a division of McGraw-Hill Companies Inc., assigned Mediobanca a rating of AA- for long-term debt, one of the highest for any Italian bank, and A-1+ for short-term debt with a stable outlook.

(b) History

Mediobanca was established immediately after World War II on the initiative of Banca Commerciale Italiana (“**BCI**”, merged into Banca Intesa S.p.A. in 2001) in the first instance, immediately followed by Credito Italiano (now UniCredito Italiano S.p.A.) and then by Banco di Roma (which later became part of Banca di Roma S.p.A., now Capitalia S.p.A.).

Mediobanca’s objects, as defined in BCI’s 1945 Annual Report, were to “meet the medium-term financing requirements of manufacturing enterprises” and to form “a direct link between the investment community and the financing needs involved in rebuilding Italian industry”. As Enrico Cuccia recalled in the 1980s, “the idea of Mediobanca was born, or more accurately, conceived, when Mattioli and I first discussed the new entity late in August 1944”. At the outset, the bank confined itself to granting medium-term credit pursuant to regulations then in force. In October 1973, a formal decision was taken to extend its operations to providing finance on terms of up to twenty years. From its early years, Mediobanca took a role in financial services through *ad hoc* subsidiaries. These include Spafid (taken over in 1948), Compass (established in 1951) and Selma (now SelmaBipiemme Leasing, established in 1970).

In March 1956 Mediobanca’s shares were admitted to the Italian Stock Exchange.

In January 1988 arrangements were set in hand to restructure Mediobanca's ownership, based on the public sector and private sector interests having equal shares in the group controlling the Bank. These arrangements involved BCI, Credito Italiano and Banco di Roma reducing their aggregate holding from 56.9 per cent. to 25 per cent. of the Bank's share capital. Of the stock involved, 18.6 per cent. was acquired by a private sector grouping, which thus increased its aggregate holding to the same percentage as the three founder banks, while entering into a block shareholders' syndicate agreement with them. The remainder of the stock disposed of by the three then State-controlled banks was placed on the market in November 1988.

Mediobanca International Limited (now known as Mediobanca International (Luxembourg) S.A.) was set up in 1990 to operate in world capital markets and Micos (now Micos Banca) started its operations in 1992 as a mortgage loan company.

On 20 April 1994 a new block shareholders' syndicate agreement was entered into, aimed at preserving a stable shareholder base split equally between the Italian banks and the other investor grouping, combined with a representative Board of Directors to ensure consistent management objectives.

In December 1999 Promotex S.r.l. merged into Mediobanca retroactively from 1 July 1999. Promotex held a stake of approximately 1 per cent. in Assicurazioni Generali S.p.A. in the form of shares and warrants.

In April 2000 BCI sold its equity interest in Mediobanca to other members of the block shareholders' syndicate.

In July 2000 DueMme S.p.A. was set up as a joint venture with Mediolanum S.p.A. to provide private banking services for high net worth individuals. This company was renamed "Banca Esperia" and commenced business in July 2001, having previously acquired the controlling stake in Compagne from Mediobanca.

In May 2001 the Lazard group sold its equity investments in Assicurazioni Generali and Mediobanca. Its 75.9 per cent. stake in Euralux, which owned a 3.9 per cent. interest in Assicurazioni Generali, was sold to Consortium for Euro 1,167.7 million, while its 12.5 per cent. stake in FIN.PRIV., which owned a 1.9 per cent. stake in Mediobanca committed to the syndicate, was sold pro-rata to FIN.PRIV.'s other shareholders, for Euro 16.2 million. Lazard's 12,813,500 Mediobanca shares committed to the syndicate (437,500 of which were held by Euralux) were sold for Euro 139.9 million to Tredicimarzo S.r.l which in February 2002 sold them on to its quotaholders. Consortium was set up by Mediobanca (which retained a 20 per cent. stake in the company until December 2001) together with existing members of the Mediobanca shareholder syndicate. Other companies have joined the syndicate following the Lazard transaction, including B.B. Investissement, Angelini and other privately owned companies.

In December 2001 Euralux merged into Mediobanca. Euralux, which had previously been incorporated in Luxembourg, was then re-incorporated in Italy.

In August 2001, Mediobanca's 15 per cent. stake in Montedison was tendered to Itالenergia under the terms of the latter's takeover bid for Montedison. This transaction yielded proceeds of Euro 832 million and a gain of Euro 347 million after tax.

In May 2002 Mediobanca entered into a put and call agreement to acquire approximately a 34 per cent. stake in Compagnie Monégasque de Banque ("CMB") from Commerzbank. Subsequent share purchases carried out in 2003 and 2004 brought Mediobanca's holding in CMB to 100 per cent., for an aggregate outlay of Euro 371.5 million.

In April 2003, the core shareholders' agreement was amended to include a group of non-Italian investors holding a combined interest of up to 10 per cent.

In June 2004, Mediobanca's shareholder agreement was extended until 1 July 2007, and following a reshuffle between the industrial parties to the agreement, the aggregate share syndicate rose to 55.4 per cent.

In July 2004, Mediobanca opened a new branch office in Paris.

(c) **Share Information**

1. *Existing share capital*

The Bank's issued share capital totals Euro 398,296,707.50, represented by 796,593,415 Euro 0.50 par value registered shares.

The shares are in registered form.

Pursuant to a resolution adopted at an Extraordinary General Meeting held on 30 July 2001, the Board of Directors was authorised (i) under Article 2443 of the Italian Civil Code to increase the Bank's share capital by means of rights issues or bonus issues in one or more tranches on or prior to the fifth anniversary of the date of such resolution in an amount not to exceed Euro 250 million nominal value by creating up to 500 million new Euro 0.50 par value shares and accordingly to determine from time to time the issue price of such shares, including the share premium, the date from which they rank for interest and whether any of the shares will be used for exercising warrants and (ii) under Article 2420-ter of the Italian Civil Code to issue pursuant to Article 2441 of the Italian Civil Code on or prior to the fifth anniversary of the date of the resolution, bonds convertible into ordinary shares or bonds with warrants to subscribe for ordinary shares in an amount not to exceed Euro five billion nominal value, provided that the exercise of the authority given thereunder shall not result in the issuance of more than 500 million shares in total.

As a result of (a) the resolution adopted at a Board Meeting held on 29 March 1999 and (b) the resolution adopted at an Extraordinary General Meeting held on 30 July 2001, the Bank's share capital has been further increased by a maximum nominal amount of Euro 1,120,750 by issuing up to 2,241,500 new Euro 0.50 par value shares to be set aside for key employees of Mediobanca and the Mediobanca Group for subscription on or prior to 31 December 2011. All of these 2,241,500 new shares have now been subscribed.

An Extraordinary General Meeting held on 30 July 2001 amended the resolution taken at the Extraordinary General Meeting held on 28 October 2000 relating to the capital increase restricted to employees of the Mediobanca Group by increasing the maximum nominal amount thereof to Euro 25,000,000 involving the creation of up to 50,000,000 Euro 0.50 par value ordinary shares ranking for dividends *pari passu* with the Bank's existing shares, to be subscribed not later than 1 July 2015 on a restricted basis under Article 2441/8 of the Italian Civil Code. Of these 50 million shares, a total of 15,857,000 new shares have to date been subscribed.

As a result of resolutions adopted at Extraordinary General Meetings held on 25 June 2004 and 28 October 2004, the Bank's share capital was increased by up to a further Euro 7.5 million via the issue of up to 15 million par value Euro 0.50 ordinary shares, ranking for dividends *pari passu* and for subscription by 1 July 2020, pursuant to paragraphs 8 and 5 of Article 2441 of the Italian Civil Code, to be set aside as follows:

- up to maximum 11 million shares for employees of the Mediobanca Group; and
- up to maximum 4 million shares for Bank Directors carrying out particular duties.

2. *Shares and dividend policy*

Under the Bank's By-laws, at least 10 per cent. of the net profit for each financial year shall be deducted therefrom and allocated in the first place to the Legal Reserve pursuant to Article 2430 of the Italian Civil Code with any balance being allocated to the Statutory Reserve. Should the Board so propose, the General Meeting may then also resolve that any further sums be deducted which it is deemed prudent either to allocate to the Statutory Reserve for the purpose of increasing its resources, or to set aside in order to establish other reserves of an extraordinary or special nature. After deducting a further 2 per cent. to be allocated to the Board of Directors and Executive Committee, the remaining amount shall be distributed to the shareholders except for any sum to be carried forward.

3. *General*

The net worth of Mediobanca as at 30 June 2005 was Euro 4,528 million. The items included in the net worth are: share capital, share premium, reserve, legal reserve, provisions for general banking risks, statutory reserve, other reserves, revaluation reserve and retained earnings.

The ordinary shares of Mediobanca are traded on the Italian *Mercato Telematico Azionario*, a screen-based dealer market. The Bank's market capitalisation, based on the official price of the ordinary shares on the *Mercato Telematico Azionario* on 30 June 2005, was approximately Euro 7.2 billion.

4. *Share Ownership*

As at 30 June 2005, the number of registered holders of shares in the capital of Mediobanca was approximately 51,000 shareholders.

5. Block Shareholding Syndicate Agreement

Certain shareholders representing over 50 per cent. of the Bank's share capital have entered into an agreement aimed at preserving a stable shareholder base combined with a representative Board of Directors in order to ensure consistent management objectives (the "**Agreement**"). The Agreement has been filed with the Milan Register of Companies. The parties to the Agreement and their respective percentage holdings are as follows:

	<i>% of syndicated shares</i>
Group A	
Capitalia S.p.A.	8.382
UniCredito Italiano S.p.A.	7.655
Mediolanum S.p.A.	1.772
Commerzbank Auslandsbanken Holding A.G.	1.612
Total Group A	19.421
Consortium	4.019
Group B	
Italcementi S.p.A.	1.446
Italmobiliare S.p.A.	1.141
Italmobiliare Group	2.587
Fondiarria - Sai S.p.A.	3.194
Milano Assicurazioni S.p.A.	0.190
Finsai International S.A.	0.342
Fondiarria - Sai Group	3.726
Flandria Participations Financières S.A.	1.697
Alleanza Assicurazioni S.p.A.	0.256
Assicurazioni Generali Group	1.953
Pirelli & C. S.p.A.	1.772
FIAT S.p.A.	1.772
TELECOM ITALIA S.p.A.	1.772
FIN PRIV. S.r.l.	1.715
Soc. Italiana Acciai Bolzano SIAB S.p.A.	0.753
Ferrero S.p.A.	0.684
Dorint Holding S.p.A.	0.490
Officine Mecc. G Cerutti S.p.A.	0.629
TOSCO-FIN S.r.l.	0.414
S.M.I.L. di Alberto Pecci & C. s.a.s.	0.075
Pecci Group	0.489
Sinpar S.p.A.	0.403
SO.FI.S.T S.p.A.	0.403
United Tiles S.A.	0.176
Arca S.p.A.	0.075
Afin S.p.A.	0.063
Oscar Zannoni	0.314
Fineldo S.p.A.	0.244
Nuova Tirrena S.p.A.	0.201
Augusta Vita S.p.A.	0.043
Toro Assicurazioni Group S.p.A.	0.244
Mais S.p.A.	0.196
Vittoria Assicurazioni S.p.A.	0.147
Marco Brunelli	0.163
Candy S.p.A.	0.138
Finsev S.p.A.	0.104
Consortre S.r.l. (E. Doris)	0.111
Consortquattro S.r.l. (Gruppo Franza)	0.111
Total Group B	20.920

Group C

Financière du Perguet S.A. (Bolloré Group)	4.886
Groupama SA	1.582
Groupama Vie S.a.	1.350
Groupama Group	2.932
Santusa Holding Soc. Limitada	1.375
Groupe Industriel M. Dassault S.A.	0.580
Total Group C	9.773
Total	54.133
Shares to be placed (in excess of syndicated shares)	
Consortium	3.804
Group Groupama	1.925

(d) Management1. *Board of Directors*

The Board of Directors as at 31 October 2005 comprised twenty members as follows:

<i>Position</i>	<i>Name</i>	<i>Place and date of birth</i>	<i>Term Expires</i>	<i>Principal activities performed by the Directors outside Mediobanca</i>
Chairman	Gabriele GALATERI di GENOLA (*)	Rome, 11/01/1947	2006	Deputy Chairman Assicurazioni Generali Deputy Chairman RCS MediaGroup Director IFI
Deputy Chairman	Cesare GERONZI (*)	Marino, 15/02/1935	2007	Chairman Capitalia
Deputy Chairman	Carlo SALVATORI (*)	Sora (Fr), 07/07/1941	2008	Chairman UniCredito Italiano
Director	Matteo ARPE (*)	Milan, 03/11/1964	2006	Managing Director Capitalia
Director	Jean AZEMA	Pantin, 23/02/1953	2006	General Manager Groupama
Director	Tarak BEN AMMAR	Tunis, 12/06/1949	2006	Chairman and General Manager, Quinta Communications
Director	Gilberto BENETTON	Treviso, 19/06/1941	2008	Chairman Edizione Holding Chairman Autogrill Deputy Chairman Telecom Italia Director Autostrade
Director	Antoine BERNHEM	Paris, 04/09/1924	2008	Chairman Assicurazioni Generali Deputy Chairman LVMH Deputy Chairman Bolloré Investissement Director Banca Intesa Director Christian Dior
Director	Vincent BOLLORÉ (*)	Boulogne Billancourt, 01/04/1952	2006	Chairman and General Manager Group Bolloré
Director	Carlo BUORA (*)	Milan, 26/05/1946	2008	Managing Director Pirelli & C. Managing Director Telecom Italia
Director	Giancarlo CERUTTI	Casale Monferrato, 28/09/1950	2008	Managing Director Officine Meccaniche Giovanni Cerutti
Director	Roberto COLANINNO	Mantua, 16/08/1943	2007	Chairman Immsi Chairman Piaggio & C.
Director	Ennio DORIS	Tombolo, 03/07/1940	2006	Managing Director Mediolanum
Director	GianLuigi GABETTI	Turin 29/08/1924	2007	Chairman IFI Chairman and Managing Director IFIL
Director	Berardino LIBONATI	Rome, 08/03/1934	2007	Lawyer Chairman Banca di Roma Director Pirelli & C.
Director	Jonella LIGRESTI	Milan, 23/03/1967	2007	Chairman Fondiaria - SAI

Director	Fabrizio PALENZONA (*)	Novi Ligure 01/09/1953	2008	Deputy Chairman UniCredito Italiano Director Fondazione Cassa di Risparmio di Alessandria
Director	Carlo PESENTI	Milan, 30/03/1963	2008	Director and General Manager Italmobiliare Managing Director Italcementi
Director	Alessandro PROFUMO	Genoa, 17/02/1957	2008	Managing Director UniCredito Italiano
Director	Eric STRUTZ (*)	Mainz, 13/12/1964	2008	CFO of Supervisory Board Commerzbank International

(*) Member of Executive Committee.

The business address of each of the directors is Piazzetta E. Cuccia 1, Milan, Italy.

Other than as disclosed in the table above, there are no significant conflicts of interests in relation to the update of the Programme between any of the Directors' duties to Mediobanca and their private interests or other duties.

2. Statutory Audit Committee

The Statutory Audit Committee is made up as follows:

<i>Position</i>	<i>Name</i>	<i>Place and date of birth</i>	<i>Term Expires</i>	<i>Principal activities</i>
Chairman	Angelo CASÒ	Milan, 11/08/1940	2006	Auditor
Standing Auditor	Mario ARBUFFO	Pinerolo, 13/04/1935	2006	Auditor
Standing Auditor	Eugenio PINTO	Taranto, 20/09/1959	2006	Auditor
Alternate Auditor	Guido CROCI	Milan, 04/03/1959	2006	Auditor
Alternate Auditor	Antonio IZZI	Rome, 24/03/1936	2006	Auditor
Alternate Auditor	Alessandro TROTTER	Vimercate, 09/06/1940	2006	Auditor

The business address of the Statutory Auditors is Piazzetta E. Cuccia 1, Milan, Italy.

Other than as disclosed in the table above, there are no significant conflicts of interests in relation to the update of the Programme between any of the Statutory Auditors' duties to Mediobanca and their private interests or other duties.

3. General Manager and Co-General Manager

At a Board Meeting held on 14 April 2003, the Directors of Mediobanca appointed Mr. Alberto Nagel, born in Milan on 7 June 1965, as General Manager, and Mr. Renato Pagliaro, born in Milan on 20 February 1957, as Co-General Manager.

4. Independent Auditors

Pursuant to Legislative Decree 58/98, as amended by Legislative Decree 62/2005, the Bank's accounts must be audited by external auditors appointed by the shareholders at the ordinary general meeting. Listed companies may not appoint the same auditors for more than three consecutive three-year terms.

At the Ordinary General Meeting held on 28 October 2003, Reconta Ernst & Young S.p.A., Milan were appointed to audit the Bank's (and the Group's consolidated) annual accounts for the years ending 30 June 2004, 2005 and 2006 and the Bank's interim accounts for the six-months ending 31 December 2003, 2004 and 2005.

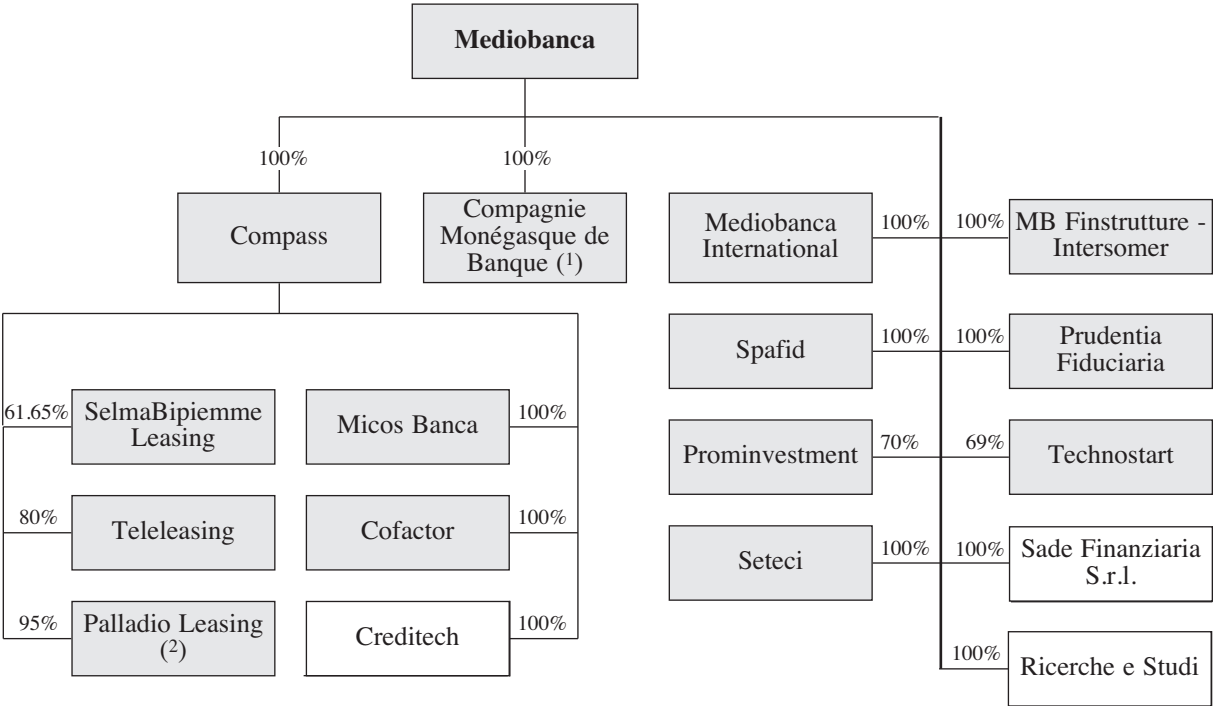
Reconta Ernst & Young S.p.A., are registered on the role of chartered accountants held by the Italian Ministry of Justice and in the register of Auditing Firms held by CONSOB.

(e) Business

1. Mediobanca Banking Group

The Mediobanca Group is registered in the Italian Banking Group Register of the Bank of Italy.

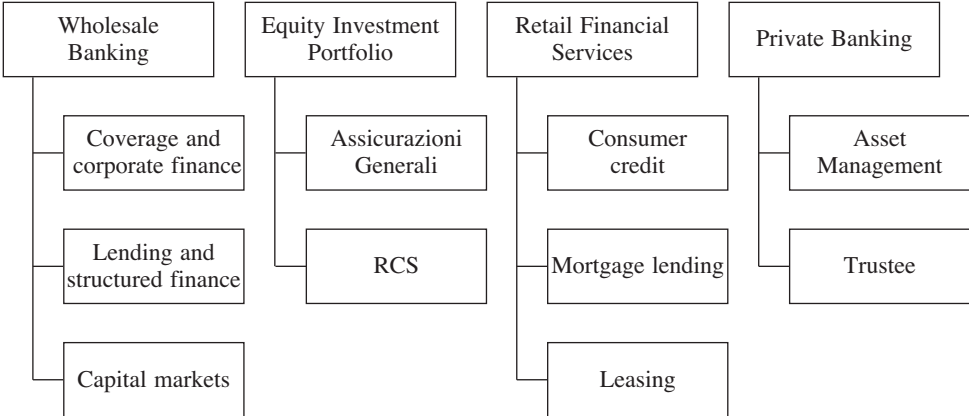
The following chart illustrates Mediobanca’s group structure at the date hereof.



(1) Compagnie Monégasque de Banque also controls: C.M.G. Compagnie Monégasque de Gestion (99.70%); C.M.I. Compagnie Monégasque Immobiliare (99.94%); S.M.E.F. Monégasque des Etudes Financieres (99.90%); Monoeci (99%) all of which belong to the Group, as well as Monoikos 2000 (99.95%) and Moulins (99.90%).
 (2) Remaining stock held by Palladio Leasing as own shares.

2. Mediobanca Group Activities

Mediobanca is a financial services group focused on corporate, investment and private banking activities, as well as retail financial services and equity investment. With a market capitalisation of over Euro 12 billion, Mediobanca is the 4th largest bank in Italy.



2.1 Wholesale banking

Mediobanca aims to provide its corporate clients with the advisory and financing services they need to help them grow and develop. To do this it uses its own resources as well as acting as a broker for market products.

The wholesale banking division is organized into three main areas:

- (1) client coverage and corporate finance;
- (2) lending and structured finance; and
- (3) capital markets.

2.1.1 *Client coverage and corporate finance*

This team is responsible for maintaining close contact with clients, to meet their needs as they arise and deliver corporate finance services under mandate. The division is organized into different teams covering individual industries and geographical areas in order to provide greater focus.

Corporate finance involves the following activities:

- defining strategic objectives: and identifying extraordinary financing transactions in order to help meet them;
- extraordinary financing: mergers and acquisitions, joint ventures and partnerships, disposals and spin-offs;
- liabilities restructuring: earnings/financial analysis of companies/groups undergoing restructuring; working out of financial rebalancing scenarios; negotiating with key creditors;
- corporate restructuring: LBOs, MBOs, spin-offs and tax/inheritance-related issues;
- block shareholder agreements: negotiations with other shareholders, drafting, identifying possible new partners;
- company valuations: on a stand-alone basis and for purposes of setting exchange ratios; and
- relations with authorities: assistance in handling relations with market and regulatory authorities, principally CONSOB and Borsa Italiana.

2.1.2 *Lending and structured finance*

This area is responsible for structuring lending transactions and for the related activity of buying and selling on the secondary markets.

The main divisions and products are:

- **corporate lending:** this division handles loans to corporations, which are generally medium-to-long term, and are granted with a view to meeting Mediobanca's clients' needs for financing in relation either to specific projects or to structural needs generated by growth. Loans may be disbursed to all kinds of corporate clients, whether industrial or service-oriented, Italian or non-Italian, large or midsize. Such loans generally do not have a pre-arranged structure, and there are no restrictions as to amount, with large facilities generally being syndicated to a select number of trusted banking counterparties or with the involvement of Italian and international banks; and
- **structured finance:** this area is responsible for transactions involving a considerable degree of financial leverage and limited recourse to the originator. Such deals usually arise as a result of industrial or infrastructure capital spending requirements, or of the acquisition of listed or non-listed companies, including those launched with the backing of institutional investors. Such facilities are often structured in a complex fashion, including the terms and conditions of the relevant contracts and guarantees, in order to maintain the risk profile of the transaction within limits that are acceptable to the banking community. Due to their size, such loans are often syndicated.

2.1.3 *Capital markets*

Mediobanca is an active participant on both the primary and secondary markets for equities, fixed income securities, foreign exchange, and credit, interest rate and exchange rate derivatives.

In relation to the primary market, financial instruments are offered to investors for the first time via specific circuits and placing procedures. Mediobanca has three different desks operating in this division:

- **equity capital markets:** this desk structures and places equity offering, including in the form of IPOs and rights issues, and equity-linked products such as convertible/exchangeable bonds and warrants on behalf of clients;
- **debt capital markets:** this desk structures and places debt securities such as bonds and/or asset-backed securities issued by corporate or financial clients; and
- **funding:** this desk structures and places debt-based products (structured and unstructured) for Mediobanca's own funding purposes.

In relation to the secondary market, including all regulated markets (trading-floor and screen-based) and non-regulated markets (OTC) on which financial assets are traded subsequent to their issue, Mediobanca is a participant both in its own right and on behalf of customers, with a vast range of equity products, fixed

income securities, and interest rate, credit, exchange rate and equity derivatives. Mediobanca is involved in the following activities:

- equity and derivatives trading desk (own trading);
- equity sales and research (client trading and order collection); and
- ALM, treasury and fixed income and derivatives trading (own trading).

2.2 *Equity investment portfolio*

One of Mediobanca's key areas of operation is investing in the equity of large companies, which are leaders in their respective business sectors and listed on the Italian stock exchange or elsewhere.

Mediobanca's aim in undertaking such investments, which may also include being represented on the boards of the companies concerned, is to help increase the value of these companies over a medium term period.

As at 30 June 2005, the main investments in Mediobanca's equity portfolio were as follows:

Company	Sector	% of share capital	Book value as 30 June 2005 (euro millions)	Market value as at 30 June 2005 (euro millions)
Assicurazioni Generali	Insurance	14.12	1,261	4,648
Telecom Italia	Telecoms	1.06	550	533
RCS Mediagroup	Publishing/media	13.66	254	592
Fiat	Automotive	2.15	121	127
Pirelli & C	Tyres/cables/TMT	4.38	172	201
Italmobiliare	Cement	5.47	35	110
Gemina	Holding company	12.53	56	74
Mediolanum	Asset management	1.97	77	74
Finmeccanica	Defence/aerospace	0.98	61	63
Fondiaria - SAI	Insurance	1.50	34	58

Following the adoption of IAS/IFRS, Assicurazioni Generali and RCS Mediagroup are classified as falling in the equity investment portfolio (pursuant to IAS 28) while the other participations are classified as falling in the wholesale banking division (pursuant to IAS 39).

2.3 *Retail financial services*

Mediobanca has a presence in the following sectors of the retail financial services industry through its subsidiaries: consumer credit and personal loans (Compass), leasing (SelmaBipiemme Leasing, Palladio Leasing and Teleleasing), mortgage lending (Micos Banca), credit management (Creditech), and factoring (Cofactor).

2.3.1 *Consumer credit*

Compass is one of the leading independent consumer credit operators in Italy, with a market share of approximately 4.1 per cent. The business of Compass is primarily vehicle credit, other consumer durables, personal loans and revolving credit cards. The range of financial services offered includes standard/reduced rate and zero per cent. finance, as well as deferred initial payment options, which are sometimes covered by credit protection insurance.

Compass is present throughout Italy, with a network comprising 93 branches that covers six different regions, with 12,900 merchant outlets. Finance disbursed in the year ending 30 June 2005 amounted to approximately Euro 1.9 billion.

As at 30 June 2005, the number of loans outstanding totalled 744,348, worth an aggregate principal amount of approximately Euro 2.1 billion. As at 30 June 2005, Compass had 529 employees.

2.3.2 *Mortgage lending*

Micos Banca specialises in disbursing mortgage finance to households to acquire residential properties. Micos Banca offers a wide range of financing solutions for both first-time buyers and purchasers of holiday homes.

In the twelve months to 30 June 2005, a total of 4,545 loans were granted involving a total of Euro 432.2 million. As at 30 June 2005, mortgages outstanding amounted to an aggregate of approximately Euro 1.3 billion. Micos Banca employs 154 staff at its 21 branches.

2.3.3 *Leasing*

The SelmaBipiemme Leasing group is owned as to 61.65 per cent. by Mediobanca through its subsidiary, Compass, and as to the remaining 38.5 per cent. by Banca Popolare di Milano S.c.a r.l. It has a presence in finance leasing via SelmaBipiemme, and the wholly-owned group subsidiary Palladio Leasing, whose operations are confined to the regions of north-eastern Italy, and also in operational leasing via Teleleasing, which is 80 per cent. owned by SelmaBipiemme and 20 per cent. owned by Telecom Italia.

The SelmaBipiemme Leasing group is among the ten leading players in this sector, with a market share of approximately 4 per cent.

The SelmaBipiemme group has also implemented commercial agreements with other banking networks, notably Banca Popolare di Milano and Banca Popolare di Vicenza, which number 600 and 450 branches respectively. An agreement with Pirelli Real Estate' franchising network has been in place since December 2003.

The net value of goods on lease as at 30 June 2005 for this business as a whole totals approximately Euro 3.3 billion.

As at 30 June 2005, the SelmaBipiemme group employs a total of 220 staff, with 146 at SelmaBipiemme, 63 at Palladio Leasing and 31 at Teleleasing, in 10 different branches (6 operating as SelmaBipiemme Leasing and 4 operating as Palladio Leasing).

2.4 *Private banking*

Among the services Mediobanca offers its clients is private banking, through the Mediobanca Group subsidiaries, Banca Esperia and Compagnie Monégasque de Banque.

- Banca Esperia was set up in July 2002 as a joint venture between Mediobanca and Mediolanum, with the aim of becoming the leading private bank in Italy for high net worth individuals. It offers portfolio management, advisory and financing services. Independence, focus on private banking, excellence and quality of service are the hallmarks of Banca Esperia, which currently has over Euro 7.5 billion in assets under management, and branches located in Bologna, Brescia, Florence, Genoa, Milan, Rome and Turin.
- Compagnie Monégasque de Banque, which is wholly owned by Mediobanca, was set up in 1976 on the initiative of Banca Commerciale Italiana in conjunction with other international partners. Compagnie Monégasque de Banque is the leading private bank in Monaco, with assets under management of over Euro 7 billion. Its location, in-depth knowledge of markets, and reputation for absolute discretion, combine to make it a key player in the private banking sector, offering its clients a whole suite of exclusive services ranging from finance to property investment.

3. *Mediobanca's 2006-2008 Business Plan*

On 12 September 2005, the Board of Directors of Mediobanca unanimously approved its 2006-2008 business plan (the "**Business Plan**").

The business plan envisages the completion of the process of transforming Mediobanca from an investment-based holding company into a diversified banking group, by means of:

3.1 *Wholesale banking*

- Further enhancing the corporate banking division, with a view to increasing the customer base and lending through:
 - an integrated product offering;
 - extending the Mediobanca Group's international reach, with the aim of becoming the leading bank for cross-border deals involving Italy;
 - diversifying its asset classes by means of loans from Mediobanca International; and
 - enhancing franchises in the medium-sized corporate sector, by developing synergies with leasing/private banking businesses;
- strengthening investment banking activities to support large and medium-sized Italian corporates' transformation/growth strategies, via mergers, acquisitions and corporate restructurings; increasing proprietary trading activity, and consolidating domestic capital market activities;
- maintaining principal investing activity, specifically linked to the wholesale banking business, targeting companies pursuing growth-based aggregations and turnarounds, with specific initiatives for the medium-sized corporate sector;

3.2 Equity investment portfolio

This will continue primarily to comprise the holdings in Assicurazioni Generali and RCS Mediagroup, in view of the size of these investments and Mediobanca's role in the governance of these companies. Other investments will be transferred to the wholesale banking division with a reduction of Euro 1.5 billion in capital allocated to this division.

3.3 Retail financial services

- further growth drive in consumer credit business, both internally and via acquisitions, in view of favourable market conditions, with the aim of significantly increasing both lending and earnings; in particular:
 - development of the consumer credit business will be oriented towards higher-margin products, including credit cards and personal loans with 35 new branches to be opened and new sales agreements, more merchant outlets and a more sophisticated marketing approach; and
 - mortgage lending to households will see a further increase in volumes of finance disbursed via expansion of the geographical network, commercial agreements and product portfolio.

3.4 Private banking

- growth in this sector will be pursued both internally and via acquisitions, and will involve:
 - strengthening Banca Esperia's position at the top end of the domestic market, via more effective coverage and a more sophisticated, high value-added product offering; and
 - furthering the development of CMB, by leveraging on synergies with Banca Esperia, and extending its franchise.

(f) Capitalisation

The following table shows the unconsolidated capitalisation of Mediobanca as at 30 June 2005:

	As at 30 June 2005
	<i>(in millions of Euro)</i>
Share capital and reserves	
Share capital	397.5
Reserves, retained earnings and general credit risks provision	4,130.5
Profit for the period	440.1
Total capital and reserves	<u>4,968.1</u>
Medium and long-term debt	
Certificates of deposit	479.9
Other funds	2,749.3
Bonds and other debt security	14,491.3
Total medium and long-term debt ⁽¹⁾	<u>17,720.5</u>
Total capitalisation	<u>22,688.6</u>

Note:

⁽¹⁾ Based on the original life of the debt, equal to or more than 18 months.

Since 30 June 2005 there has been no material change in the capitalisation of Mediobanca.

(g) Recent Developments

On 9 November 2005, Mediobanca issued a press release announcing details of its consolidated IAS compliant financial results as at and for the three months ended 30 September 2005. The reconciliations from Italian GAAP to IAS contained in the quarterly report have been audited by Reconta Ernst & Young S.p.A. The following is a translation of such press release pursuant to CONSOB Regulation No. 11971 of 14 May 1999, as amended.

“Net profit totalled € 324m, more than triple the € 98m earned in the three months to 30 Sept. 2004 (restated pro-forma in accordance with IAS/IFRS)

Sound performance by all the Group's main areas of operations: ordinary net profit more than doubled, from € 98m to € 224m, plus a further approx. € 100m in non-recurring net profits linked to the early redemption of a bond issue convertible into Ciments Français shares

Key consolidated results include:

- revenues up 87%, to € 409m;
- operating profit up from € 142m to € 327m, approx. 70% of which generated by banking activity;
- loan book worth € 19.1bn (up 5%), reflecting significant growth in corporate finance of 19%, to € 10.5bn net of cash collateral;
- RFS new loans up 9%, to € 934 m.

All business areas reflect growth at top- and bottom-line levels:

- Wholesale banking:
 - interest income up 25%, to € 41m;
 - fee income up 60%, to € 59m;
 - net profit up € 8m, to € 185m.
- Equity investment portfolio (Assicurazioni Generali/RCS MediaGroup):
 - NAV: € 5.3bn;
 - pro-rata profit for quarter up 59%, to € 105m.
- Retail financial services
 - revenues up 21%, to € 103m;
 - net profit up 15%, to € 23m.
- Private banking²
 - net profit up 36%, to € 15m;
 - AUM up 2%, to € 11.1bn.

At a Board meeting held today with Gabriele GALATERI di GENOLA in the chair, the Directors of Mediobanca approved the Group's quarterly accounts as illustrated by General Manager Alberto NAGEL and Co-General Manager Renato PAGLIARO, which for the first time have been drawn up in compliance with the new international accounting and financial reporting standards (IAS/IFRS).

Consolidated results³

In the first three months of the new financial year, the Group earned a net profit of € 323.7m, compared with € 98.3m during the equivalent period of last year. Operating profit rose from € 142.1m to € 326.8m, due to huge growth in revenues (up 87.1% to € 409.5m) against a limited increase in overheads (up 7.8% to € 82.7m) attributable to the Compass group's operations.

The top-line result reflects:

- a 23.5% increase in interest income, from € 111m to € 137.1m, involving both wholesale banking (up 25% to € 41.4m) and consumer credit (up 24.3% to 91.5m);
- improved trading income of € 80.6m (€ 18.2m loss), which includes non recurrent € 40m in revenue from the early redemption of a bond issue convertible into Ciments Français shares, plus a buoyant valuation of the trading portfolio reflecting the healthy performance of equity markets during the period under review;
- an increase of 39% in fee and other income (from € 59m to € 82.1m), due to significant growth in the Group's corporate and investment banking activities (up 60% to € 59.3m);
- gains of € 107.6m on investments stated on an equity basis (€ 66.5m), over three-quarters of which is attributable to Assicurazioni Generali.

² Includes Compagnie Monégasque de Banque and the Group's 48.5% share in the profits of Banca Esperia proforma.

³ The profit and loss account for the three months ended 30 September 2004 has been restated on a IAS/IFRS-compliant basis, with the exception of IAS 39 in relation to recognition and measurement of financial assets. For ease of comparison a pro-forma version has also been provided which includes an estimate of the impact of the adoption of this standard would have had on the accounts for the quarter. The balance sheet as at 30 September 2005 has been compared with the figures at 1 July 2005, also made up in accordance with the new accounting standards.

Below the operating line, there was a gain of € 91m on disposal of financial assets available for sale (chiefly regarding Ciments Français).

All the Group's main areas of operation recorded healthy performances. In addition to the contribution from equity investments referred to above, wholesale banking posted increases in all its main revenue items, with interest income up 25% and fee income up 60%, along with income from trading. The Compass group, which saw new loans rise by 9.4%, recorded a 25% increase in operating profit, while in private banking, the gross margin earned on ordinary operations also grew significantly, from € 11.5m to € 15.7m, chiefly due to Banca Esperia.

Results by division

As from 1 July 2005, the Group's **equity investment portfolio** includes only the holdings in Assicurazioni Generali and RCS MediaGroup, while the other investments have been reallocated to wholesale banking.

The share of net profits attributable to Mediobanca rose from € 66m to € 105m⁴.

The book value of these investments, which includes changes to net equity, rose by € 92m (from € 1,980m to € 2,072m), € 76.4m of which is attributable to Assicurazioni Generali and € 15.6m to RCS MediaGroup. The portfolio as at 30 September 2005 reflected a gain of € 3,187m (30/6/05: € 3,258m).

Gross operating profit earned by the Group's wholesale banking operations totalled € 145.2m (€ 15m in the three months ended 30 September 2004 if the reductions in gains on the treasury portfolio are included). The result includes non-recurring gains of € 40m linked to the early redemption of the Ciments Français convertible bond, as previously mentioned. Treasury management was also boosted by the healthy performance of equity markets in terms of portfolio valuation. Interest income rose from € 33.1m to € 41.4m (up 25%), due to higher customer lending volumes compared with June 2005, which, net of matched funding transactions amounting to € 0.6bn (€ 1.7bn as at 30 June 2005), rose by 15%, to € 13.3bn. Fees income also rose considerably (from € 37m to € 59.3m), on the back of good results posted both by corporate and investment banking. A net profit of € 185.4m was earned (€ 7.8m), after gains of € 89.6m on disposal of financial assets available for sale, € 82.8m of which in connection with Ciments Français.

Retail financial services. The Compass group's consolidated accounts show a 24.7% increase in gross operating profit (from € 53.2m to € 66.4m), helped by higher interest income (up from € 73.6m to € 91.5m) due to higher average volumes, especially in consumer credit. Growth in operating costs and expenses (from € 31.8m to € 36.1m) is attributable to expansion of the group's distribution network, with 18 new branches added in twelve months. The net profit of € 22.6m (€ 19.7m) reflects bad debt writeoffs amounting to € 24.6m (€ 15.9m), which were also higher as a result of the enhanced business volumes.

As at 30 September 2005, customer lendings, including securitized items, amounted to € 7,499.2m (30/6/05: € 7,254.8m), shared virtually equally between leasing and consumer credit.

Private banking. The Group's private banking operations, which include its 48.5% share in the profits of Banca Esperia pro-forma, reflect aggregate net income of € 15m, up over one-third on the figure recorded as at 30 September 2004 (€ 11.2m including 100% of Compagnie Monégasque de Banque). This improved performance was due to higher management fees, which rose from € 16.9m to € 19.9m. Assets under management grew from € 10.8bn to € 11.1bn.

* * *

The Board also duly examined a document relating to the IAS/IFRS first-time adoption, which will be certified by the Group's external auditors. IAS-compliant group net equity as at 30 June 2005 stood at € 5.4bn, up from € 4.9bn, chiefly as a result of recognizing the securities and derivatives portfolio at fair value, which added € 444m, and accounting for investments in associates on an equity basis, which contributed € 299m, net of € 288m in tax effects. The restated profit and loss account for the twelve months ended 30 June 2005, not including the impact of adopting IAS 39 regarding the recognition and measurement of financial assets,⁵ reflects a net profit of € 714m, up approx. € 170m compared with the figures disclosed under the national GAAP, also largely due to the pro-rata inclusion of net profits earned by investee companies net of dividends received from them.

9 November 2005"

⁴ For the three months ended 30 June 2005.

⁵ Estimated at approx.€ 100m.

CONSOLIDATED PROFIT AND LOSS ACCOUNT (IAS/IFRS)

	3 mths ended 30/9/04 (excl. IAS 39)	3 mths ended 30/9/04 pro-forma (*)	3 mths ended 30/9/05
	€ m	€ m	€ m
Interest income	117.0	111.0	137.1
Dividends	0.5	0.5	2.1
Profit (loss) on trading activity	60.0	(18.2)	80.6
Fees and other income (charges), net	59.0	59.0	82.1
Investments stated on net equity basis	66.5	66.5	107.6
Operating margin	303.0	218.8	409.5
Operating costs and expenses	(84.7)	(76.7)	(82.7)
Profit from ordinary operations	218.3	142.1	326.8
Gain (loss) on financial assets available for sale	–	–	91.0
Gain (loss) on disposal of other securities	–	–	0.6
Bad debts written off	(16.7)	(15.9)	(25.3)
Writedowns to securities and derivatives held in treasury	(11.3)	–	–
Pre-tax profit	190.3	126.2	393.1
Income taxes	(53.8)	(21.6)	(66.6)
Profit (loss) attributable to minorities	(6.2)	(6.3)	(2.8)
Net profit	130.3	98.3	323.7

(*) Includes estimated effects of adoption of IAS 39.

RESTATED BALANCE SHEET (IAS/IFRS)

	1/7/05	30/9/05
	€ m	€ m
Assets		
Net treasury funds employed	3,338.3	2,602.2
Financial assets available for sale	7,037.2	5,223.9
<i>of which: fixed income</i>	4,445.0	2,654.7
<i>Equities</i>	2,383.2	2,404.6
Financial assets held to maturity	239.0	534.6
Loans and advances to customers	18,138.4	19,055.1
Equity investments	2,137.6	2,231.2
Tangible and intangible assets	310.5	306.4
Other assets	521.9	461.0
<i>of which: tax assets</i>	132.0	207.8
Total assets	31,722.9	30,414.4
Liabilities		
Funding	24,450.7	22,713.3
<i>of which: securities in issue</i>	16,266.6	15,865.3
Other liabilities	849.3	1,344.5
<i>of which: tax liabilities</i>	465.2	560.4
Provisions for liabilities	189.6	186.8
Net equity	5,519.3	5,846.1
<i>of which: share capital</i>	397.5	398.3
<i>Reserves</i>	5,042.5	5,368.1
<i>Minorities</i>	79.3	79.7
Profit for the period	714.0	323.7
Total liabilities	31,722.9	30,414.4

(h) Presentation of Financial Information

The consolidated financial statements of Mediobanca as at and for the two years ended 30 June 2004 and 2005 are incorporated by reference into this Base Prospectus.

The consolidated financial statements of Mediobanca as at and for the two years ended 30 June 2004 and 2005 have been audited by Reconta Ernst & Young S.p.A. and its unqualified audit reports thereon are included in such financial statements.

The consolidated financial statements of Mediobanca as at and for the two years ended 30 June 2004 and 2005 have been prepared in accordance with Italian regulations governing financial statements (collectively, “**Italian GAAP**”). Certain accounting principles applied by Mediobanca that conform with Italian GAAP may not conform with accounting principles in other countries, including international financial reporting standards (“**IAS/IFRS**”). See also “*Risk Factors - Risks relating to each Issuer and the Mediobanca Group - Changes from Italian GAAP to IFRS may make comparison with the Issuer’s current audited financial statements impossible*”.

Mediobanca will prepare its annual consolidated financial statements in accordance with IAS/IFRS for the first time for the financial year ending 30 June 2006. Mediobanca has already published its consolidated financial statements for the 3 months ended 30 September 2005 in accordance with IAS/IFRS. See “(g) Recent Developments” above. Mediobanca cannot exclude the possibility that any change to IAS/IFRS and its interpretation since such interim financial statements were prepared could have an impact on individual line items and therefore affect comparison with Mediobanca’s first full year reporting in accordance with IAS/IFRS.

Unless otherwise indicated, any reference in this Base Prospectus to “reclassified” annual financial statements, as at and for the years ended 30 June 2004 and 2005 is to the annual financial statements, as at and for the years ended 30 June 2004 and 2005 reclassified by aggregating certain of the line items in such financial statements and/or restating certain line items in such financial statements and published the management report of Mediobanca.

The aforementioned annual and interim non-consolidated financial statements of Mediobanca and annual and interim consolidated financial statements of Mediobanca will be available at the office of the Paying Agent in Luxembourg so long as any of the Notes remain outstanding and at the registered office of Mediobanca, in each case free of charge.

See also “Summary Financial Information of Mediobanca - Banca di Credito Finanziario S.p.A.”

SUMMARY FINANCIAL INFORMATION OF MEDIOBANCA - BANCA DI CREDITO FINANZIARIO S.p.A.

The following tables present summary consolidated financial information and reclassified consolidated financial information of Mediobanca as at and for the two years ended 30 June 2004 and 2005. This information is derived from, should be read in conjunction with, and is qualified in its entirety by reference to the audited consolidated financial statements of Mediobanca as at and for the two years ended 30 June 2004 and 2005 together with the respective notes thereto, all of which are incorporated by reference into this Base Prospectus.

Pursuant to Annex IV 13.1 of Commission Regulation (EC) 809/2004, the audited financial information of Mediobanca is required to include a cash flow statement. This information has been omitted from the audited financial information pursuant to Article 23(4) of Commission Regulation (EC) 809/2004 because, having regard to the information included in the Base Prospectus, in the context of Mediobanca and the nature of the Notes that Mediobanca may issue under the Programme, a cash flow statement of the kind provided for in Commission Regulation (EC) 809/2004 will not provide prospective investors with meaningful additional information for the purposes of their assessment of the financial position of Mediobanca or their assessment of the Notes that may be issued, and such information is not pertinent for the purposes of such assessment.

See also “Information on Mediobanca - Banca di Credito Finanziario S.p.A. - (h) Presentation of Financial Information” for a description of the consolidated financial information presented herein.

ANNUAL CONSOLIDATED BALANCE SHEETS OF MEDIOBANCA

	As at 30 June	
	2005	2004
	Italian GAAP	Italian GAAP
	<i>(Euro/000)</i>	
Assets		
Cash and deposits with central banks and Post offices	16,996	11,573
Government and quasi-government securities eligible for refinancing at central banks	3,691,533	2,971,583
Amounts due from banks	2,941,198	5,655,944
a) repayable on demand	716,086	1,733,488
b) other accounts	2,225,112	3,922,456
Amounts due from customers	17,523,024	16,754,809
<i>of which:</i>		
– <i>loans using funds managed for third parties</i>	–	–
Bonds and other debt securities issued by:	6,229,851	3,900,908
a) public agencies	1,434,322	935,031
b) banks	2,082,650	1,087,542
<i>of which:</i>		
– <i>own bonds</i>	286,277	295,151
c) financial companies	2,101,958	1,259,070
<i>of which:</i>		
– <i>own bonds</i>	–	–
d) other issuers	610,921	619,265
Equities, participating interests and other capital securities	1,495,311	2,683,241
Equity investments:	3,280,364	3,072,046
a) stated on net equity basis	78,079	81,206
b) other equity investments	3,202,285	2,990,840
Investments in group undertakings:	1,935	1,578
a) stated on net equity basis	1,935	1,578
b) other investments in Group undertakings ...	–	–
Positive differences on consolidation	–	17,463
Intangible assets	1,263	1,475
<i>of which:</i>		
– <i>installation costs</i>	61	148
– <i>goodwill</i>	–	–
Tangible fixed assets	275,679	271,617
Own shares and participating interests	970	970
Other assets	747,299	911,787
Accrued income and prepaid expenses	1,584,377	1,525,494
a) accrued income	1,324,624	1,238,688
b) prepaid expenses	259,753	286,806
<i>of which:</i>		
– <i>issue discounts on bonds</i>	68,399	69,347
	37,789,800	37,780,488
Guarantees and Commitments		
Guarantees given	620,966	933,826
<i>of which:</i>		
– <i>acceptances</i>	–	–
– <i>other guarantees</i>	620,966	933,826
Commitments	17,995,292	14,914,436
<i>of which:</i>		
– <i>assets sold under repurchase agreements</i> .	–	–
Credit derivatives	1,244,147	534,996

ANNUAL CONSOLIDATED BALANCE SHEETS OF MEDIOBANCA

	As at 30 June	
	2005	2004
	Italian GAAP	Italian GAAP
	<i>(Euro/000)</i>	
Liabilities and Shareholders' equity		
Amounts due to banks:	7,883,467	6,719,192
a) repayable on demand	1,791,236	1,193,860
b) term deposits and deposits under notice	6,092,231	5,525,332
Amounts due to customers:	3,547,617	3,978,155
a) repayable on demand	1,982,923	2,266,502
b) term deposits and deposits under notice	1,564,694	1,711,653
Debt securities in issue:	16,393,966	16,807,800
a) bonds	14,835,575	15,221,726
b) certificates of deposit	479,856	593,280
c) other debt securities	1,078,535	992,794
Other liabilities	3,258,846	3,658,557
Accrued expenses and deferred income:	803,214	832,750
a) accrued expenses	579,368	574,438
b) deferred income	223,846	258,312
Provision for staff termination indemnities	34,279	32,266
Provisions for liabilities and charges:	326,872	354,332
a) post-retirement and similar benefits	–	–
b) provision for taxation	169,103	303,678
c) consolidated provision for future liabilities and charges	–	–
d) other provisions	157,769	50,654
Loan loss provisions	–	13,428
Provision for general banking risks	219,930	317,430
Negative differences on consolidation	16,379	–
Net equity attributable to minority shareholders	77,473	184,254
Share capital	397,478	389,291
Share premium reserve	1,933,331	1,807,340
Reserves:	2,343,142	2,135,799
a) legal reserve	77,884	77,855
b) reserve for purchase of own shares and participating interests	970	970
c) statutory reserves	1,004,624	893,452
d) other reserves	1,259,664	1,163,522
Revaluation reserves	13,514	13,514
Retained earnings (accumulated losses)	–	–
Profit (loss) for the year	540,292	536,380
	37,789,800	37,780,488

ANNUAL CONSOLIDATED PROFIT AND LOSS ACCOUNTS OF MEDIOBANCA

	As at 30 June	
	2005	2004
	Italian GAAP	Italian GAAP
	<i>(Euro/000)</i>	
Interest receivable and similar income	1,334,620	1,327,126
<i>of which interest on:</i>		
– loans and advances to customers	859,311	841,333
– debt securities	249,322	252,121
Interest payable and similar expenses	(851,568)	(894,198)
<i>of which interest on:</i>		
– customer deposits	(97,824)	(106,238)
– debt securities	(565,772)	(599,384)
Dividends on and other income from:	254,678	663,692
a) equities, participating interests and other capital securities	127,624	460,018
b) equity investments	127,054	203,674
c) investments in Group undertakings	–	–
Commissions receivable	234,169	226,105
Commissions payable	(90,573)	(80,443)
Gains (losses) on dealing transactions	21,591	(229,489)
Other income from operations	145,136	280,653
Administrative expenses:	(333,035)	(295,601)
a) personnel costs	(175,081)	(166,280)
<i>of which:</i>		
– wages and salaries	(128,949)	(121,640)
– social security charges	(32,566)	(30,559)
– transfer to staff termination indemnity provision	(8,057)	(9,055)
– post-retirement and similar benefits	(5,509)	(5,026)
b) other administrative expenses	(157,954) ⁶	(129,321)
Adjustments to intangible and tangible fixed assets	(13,908)	(20,620)
Transfer to provision for liabilities and charges ..	(152,728)	(12,216)
Other operating expenses	(55,178)	(190,948)
Adjustments to loans and provisions in respect of guarantees and commitments	(110,106)	(87,391)
Writebacks of loans and provisions in respect of guarantees and commitments	13,636	9,733
Adjustments to financial fixed assets	(10,969)	(26,255)
Writebacks of financial fixed assets	67,110	158,227
Gain (loss) on investments stated on net equity basis	6,298	4,454
Margin (loss) on ordinary operations	459,173	832,829
Extraordinary income	57,890	42,401
Extraordinary expenditure	(5,902)	(57,514)
Extraordinary profit (Loss)	51,988	(15,113)
Change to provision for general banking risks ...	97,500	–
Income taxes for the year	(58,793) ⁷	(263,945)
(Profit) loss for the year attributable to minority interests	(9,576)	(17,391)
Profit (loss) for the year	540,292	536,380

⁶ Includes € 14,440,000 in “substitutive” tax for franking of loan loss provision.

⁷ Includes € 49,500,000 in deferred tax receivable on provision accounted for under Heading 100.

RECLASSIFIED ANNUAL CONSOLIDATED BALANCE SHEETS OF MEDIOBANCA

	As at 30 June	
	2004	2005
	(Italian GAAP)	(Italian GAAP)
	<i>In millions of Euro</i>	
	<i>Reclassified</i>	<i>Reclassified</i>
Assets		
Net treasury funds employed	9,723.0	8,449.2
Loans and advances	16,243.5	17,088.9
Investment securities	3,154.8	3,286.3
Intangible assets	1.5	1.3
Property	260.5	261.8
Furniture and fixtures	11.1	13.9
Other assets	2,407.2	2,313.8
Total assets	31,801.6	31,415.2
Liabilities		
Funding	24,596.6	24,085.4
Provisions for liabilities and charges	349.1	361.2
Other liabilities	1,476.9	1,428.0
Loan loss provisions	13.4	–
Equity attributable to minority shareholders	184.3	77.5
Shareholders' equity	4,644.9	4,922.8
Profit for the year	536.4	540.3
Total liabilities	31,801.6	31,415.2

**RECLASSIFIED ANNUAL CONSOLIDATED PROFIT AND LOSS ACCOUNTS
OF MEDIOBANCA**

	As at 30 June	
	2004	2005
	(Italian GAAP)	(Italian GAAP)
	<i>In millions of Euro</i>	
Interest income	799.1	827.5
Commissions received and other income	244.5	263.8
General costs and expenses	(358.2)	(404.2)
Gross margin from ordinary operations	685.4	687.1
Net writedowns in securities and derivatives held in treasury	(7.0)	(20.9)
Net gain (loss) on disposal of investment securities	40.4	39.0
Net writebacks (writedowns) to investment securities	132.0	56.1
Bad debts written off	(88.4)	(99.2)
Gains (loss) on investments stated on equity basis	4.4	6.3
Profit before taxation and provisions	766.8	668.4
Depreciation and Amortisation	(4.4)	-
Changes to provisions for liabilities and charges/provisions for general banking risk	(1.5)	4.2
Taxation for the year	(207.1)	(122.7)
Profit attributable to minority shareholders	(17.4)	(9.6)
Net profit	536.4	540.3

INFORMATION ON MEDIOBANCA INTERNATIONAL (LUXEMBOURG) S.A.

On 13 May 2005, Mediobanca's board of directors approved a resolution which planned the transfer of Mediobanca International's registered office from the Cayman Islands to Luxembourg. On 15 December 2005 the Luxembourg Minister of the Treasury and the Budget, on the recommendation of the Commission de Surveillance du Secteur Financier (the "CSSF") has granted to Mediobanca International a full banking licence by which its operations have been extended to include lending. Following the transfer the administrative office in Switzerland will be closed. The Bank of Italy has been notified to such effect.

(a) General Information

Name:	Mediobanca International (Luxembourg) S.A. (" Mediobanca International ").
Date of Incorporation:	Mediobanca International was incorporated on 13 September 1990 in the Cayman Islands with an unlimited duration. By decision of the shareholders taken before a Luxembourg notary on 21 December 2005 Mediobanca International adopted the form of a société anonyme (public limited liability company) subject to Luxembourg law and amended and restated its articles of incorporation in compliance with Luxembourg law and in particular with the Law of 10 August 1915 relating to commercial companies as amended. The amended and restated articles of incorporation are due to be published in the Mémorial Recueil des Sociétés et Associations on or about the date hereof.
Registered Office:	14 Boulevard Roosevelt, Luxembourg.
Investor Relations telephone number:	+39 02 8829860. This service is provided by Mediobanca for Mediobanca International.
Registration:	Pending receipt from the Registre de Commerce et des Sociétés Luxembourg.
Financial Year:	Mediobanca International's financial year ends on 30th June in each year.
General Meetings:	General Meetings are held at least once a year.

(b) Share Information

Authorised and Issued Capital:	EUR 10,000,000 divided into 1,000,000 ordinary shares of EUR 10.00 each.
Reserves:	EUR 63,100,000 as at 30 November 2005.
Controlling Shareholders:	Mediobanca - Banca di Credito Finanziario S.p.A.

(c) Management

Board of Directors:	The Articles of Association provide for a Board consisting of at least three members elected by the general meeting of shareholders for a term of office not to exceed six years.
Directors:	The Board is responsible for setting authorisation levels, defining organisational structure, defining the system of internal control and

reviewing it on a regular basis, and approving the bank's accounts and interim statements. The present Board consists of the following seven Directors:

<i>Director</i>	<i>Place and date of birth</i>	<i>Principal activities performed by the Directors outside Mediobanca International</i>
Massimo Di Carlo (Chairman)	Rovereto on 25 June 1963	Head of coverage and corporate finance of Mediobanca
Peter Gerrard	New York on 21 October 1947	International banking executive
Stefano Pellegrino	Cassino on 22 January 1966	Head of equity investment Mediobanca Banking Group Unit
Silvio Perazzini	Gargnano on 27 June 1943	Lending division manager in Mediobanca
Federico Potsios	Rome on 17 July 1963	Lending division manager in Mediobanca
Paolo Ponzanelli	Carrara on 25 August 1951	Capital market division manager in Mediobanca
Alex Schmitt	Luxembourg on 24 March 1953	Attorney at law, member of Luxembourg bar, partner of the law firm Bonn Schmitt Steichen

The business address of each of the directors is Piazzetta E. Cuccia 1, Milan, Italy with the exception of Alex Schmitt whose business address is 44 rue de la Vallée, L-2661 Luxembourg and Peter Gerrard whose business address is 14 Boulevard Roosevelt, L-2450 Luxembourg.

Other than as disclosed in the table above, there are no significant conflicts of interests in relation to the update of the Programme between any of the Directors' duties to Mediobanca International and their private interests or other duties.

Managing Directors

Day-to-day management is entrusted to two managing directors: Peter Gerrard (Board member) and Luigi Ciocca (Mediobanca manager).

Independent Auditors:

Pursuant to a resolution adopted by the Board of Directors on 21 December 2005, the Luxembourg office of Ernst & Young was appointed as external auditors to audit Mediobanca International's annual financial statements.

Ernst & Young are registered with the Institut des Réviseurs d'Entreprises in Luxembourg.

(d) Object and General Business Policy

Business Operations:

Mediobanca International may carry out, either within or outside the Grand Duchy of Luxembourg, any banking or financial operations authorised by the law relating to the financial sector.

Mediobanca International's principal activity consists of raising funds on international markets, by issues of bonds chiefly under a medium term notes programme guaranteed by Mediobanca. Mediobanca International is also engaged in corporate lending operations almost entirely guaranteed by Mediobanca.

Risk Management: All interest rate, currency and other risks are hedged in the market, credit risk is minimal due to guarantees by Mediobanca.

Tax Treatment: See "Taxation - (B) Tax Regime for Mediobanca International issues - Luxembourg".

(e) Capitalisation

The following table shows the capitalisation in Euro of Mediobanca International as at 30th November, 2005:

	As at 30 November 2005 Unaudited <i>Actual</i>
	<i>(In EUR)</i>
Shareholders' equity	
Share capital	10,000,000.00
Reserves	63,100,000.00
Retained earnings	30,218.64
Net profit	2,860,352.14
Total Shareholders' equity	75,990,570.78
Medium and long-term debt	
Notes and bonds payable	1,162,492,564.75
Total capitalisation	1,238,483,135.53

(f) Presentation of Financial Information

The financial statements of Mediobanca International as at and for the two years ended 30 June 2004 and 2005 together with the notes thereto are incorporated by reference into this Base Prospectus. Such financial statements have been prepared in accordance with Italian GAAP. Certain accounting principals applied by Mediobanca International that conform with Italian GAAP may not conform with accounting principals in other countries, including IAS/IFRS. See also "Risk Factors - Risks relating to each Issuer and the Mediobanca Group - Changes from Italian GAAP to IFRS may make comparison with the Issuer's current audited financial statements impossible". The financial statements of Mediobanca International as at and for the two years ended 30 June 2004 and 2005 have been audited by Ernst & Young.

See also "Summary Financial Information of Mediobanca International (Luxembourg) S.A.".

The aforementioned annual financial statements of Mediobanca International will be available at the office of the Paying and Exchange Agent in Luxembourg so long as any of the Notes remain outstanding and at the registered office of Mediobanca International, in both cases free of charge.

SUMMARY FINANCIAL INFORMATION OF MEDIOBANCA INTERNATIONAL

The following tables present summary financial information for Mediobanca International as at and for the two years ended 30 June 2004 and 2005. This information is derived from, should be read in conjunction with, and is qualified in its entirety by reference to the audited financial statements of Mediobanca International as at and for the years ended 30 June 2004 and 2005 together with the notes thereto each of which are incorporated by reference into this Base Prospectus.

See also “Information on Mediobanca International (Luxembourg) S.A. - (f) Presentation of Financial Information” for a description of the financial information presented herein.

ANNUAL BALANCE SHEETS OF MEDIOBANCA INTERNATIONAL

	As at 30 June,	
	2005 (Italian GAAP)	2004 (Italian GAAP)
	<i>(In Euro)</i>	
Assets		
Cash on deposit	1,536,485	4,116,480
Loans to parent company	1,631,967,231	1,802,889,799
Marketable securities	131,560,676	99,492,374
Participating interests	–	693,160
Accrued income and prepaid expenses	63,730,475	57,985,100
Other assets	10,303,346	13,423,203
Fixed assets	227,262	200,862
Less accumulated depreciation	(227,262)	(200,862)
Total Assets	1,839,098,213	1,978,600,116
Liabilities and shareholders' equity		
Liabilities		
Term deposits:		
– Customers	136,817,026	147,149,020
– Financial institutions	41,404,460	50,117,336
Notes and bonds payable	1,525,897,873	1,651,512,280
Accrued expenses and deferred income	61,848,635	61,241,105
Credit risks provision	–	1,492,458
Total Liabilities	1,765,967,994	1,911,512,199
Shareholders' Equity		
Share capital	10,000,000	8,227,067
Reserves	57,050,735	52,570,958
Retained earnings	37,183	74,503
Net profit	6,042,301	6,215,389
Total Shareholders' Equity	73,130,219	67,087,917
Total Liabilities and Shareholders' Equity	1,839,098,213	1,978,600,116
Commitments exchangeable bonds	774,796,000	851,145,000

ANNUAL PROFIT AND LOSS ACCOUNTS OF MEDIOBANCA INTERNATIONAL

	As at 30 June,	
	2005 (Italian GAAP)	2004 (Italian GAAP)
	<i>(In Euro)</i>	
Interest income	75,679,297	103,033,440
Interest expense	(71,243,713)	(97,842,043)
Net interest income	4,435,584	5,191,397
Commission expense	(66,156)	(91,850)
Securities trading income, net	2,036,826	21,762,646
(Write-down) write-up of marketable securities, participating interests and derivatives, net	(1,250,203)	(566,433)
Exchange profit (losses), net	1,316,748	(18,125,297)
Net trading income	2,103,371	3,070,916
Provisions	–	(1,492,458)
Net financial income	6,472,799	6,678,005
Operating expenses	(17,737,733)	(8,500,009)
Other income	17,307,235	8,037,393
Net profit	6,042,301	6,215,389

ANNUAL STATEMENTS OF CASH FLOW OF MEDIOBANCA INTERNATIONAL

	As at 30 June	
	2005	2004
	(In Euro)	
Cash flows from operating activities		
Net profit	6,042,301	6,215,389
Adjustments to reconcile net profit to net cash provided (utilised) by operations:		
– Depreciation	26,401	26,712
– Net profit on disposals of marketable securities	(2,036,826)	(21,762,646)
– Net write-down (write-up) of marketable securities, participating interests and derivatives	1,250,203	566,433
– Decrease (increase) in accrued income and pre-paid expenses and other assets	(2,625,518)	10,386,936
– (Decrease) increase in accrued expenses and deferred income	607,531	(15,097,242)
– Increase in provisions	(1,492,458)	1,492,458
Total adjustments	(4,270,667)	(24,387,349)
Net cash utilised by operating activities	<u>1,771,634</u>	<u>(18,171,960)</u>
Cash flows from investing activities		
Decrease (increase) in loans to parent company	170,922,568	1,040,687,001
Net disposals (purchases) of marketable securities	(31,281,680)	201,874,019
Net sales of other participating interests	693,161	(35,006)
Purchases of fixed assets	(26,401)	(26,712)
Net cash provided (utilised) by investing Activities	<u>140,307,648</u>	<u>1,242,499,302</u>
Cash flows from financing activities		
Increase (decrease) in term deposits:		
– Customers	(10,331,994)	(10,542,623)
– Financial institutions	8,712,876	24,932,811
(Decrease) increase in notes and bonds payable	(125,614,407)	(1,257,925,557)
Net cash (utilised) provided by financing activities	<u>(144,659,277)</u>	<u>(1,222,450,123)</u>
Decrease in cash on deposit	(2,579,995)	1,877,218
Cash on deposit at beginning of year	<u>4,116,480</u>	<u>2,239,262</u>
Cash on deposit at end of year	<u>1,536,485</u>	<u>4,116,480</u>

PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in an amended and restated dealership agreement dated 30 December 2005 as further amended or supplemented from time to time (the “Dealership Agreement”) between the Issuers, the Guarantor, the Arrangers and the Permanent Dealers, the Notes will be offered on a continuous basis by each Issuer to the Permanent Dealers. However, the relevant Issuer has reserved the right to sell Notes directly on its own behalf to Dealers which are not Permanent Dealers. The relevant Issuer may also offer and sell Notes directly to investors without the involvement of any Dealer. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the relevant Issuer through the Dealers, acting as agents of such Issuer. The Dealership Agreement also provides for Notes to be issued in syndicated Tranches which are jointly and severally underwritten by two or more Dealers.

The relevant Issuer, failing whom, where applicable, the Guarantor, has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealership Agreement may be terminated in relation to all the Dealers or any of them by Mediobanca and Mediobanca International, acting together or, in relation to itself and Mediobanca and Mediobanca International only, by any Dealer, at any time on giving not less than ten business days’ notice.

General

The selling restrictions described below may be modified by the agreement of the relevant Issuer, the Guarantor (where applicable) and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material or any Final Terms and neither the relevant Issuer, the Guarantor (where applicable), nor any other Dealer shall have responsibility therefor.

European Economic Area

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 Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes 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 Notes to the public in that Relevant Member State:

- (a) in (or, in Germany, where the offer starts within) the period beginning on the date of publication of a Base Prospectus in relation to those 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, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (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 (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than € 43,000,000 and (3) an annual net turnover of more than € 50,000,000, as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a Base Prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision:

- (i) 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

- (ii) the “**Prospectus Directive**” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United States of America

Regulation S Category 2, TEFRA D, unless TEFRA C is specified as applicable in the relevant Final Terms: not Rule 144A eligible.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (as amended) (the “Securities Act”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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 U.S. 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 and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealership Agreement, it will not offer sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of the Notes comprising the relevant Tranche as determined, and certified to the relevant Issuer or the Fiscal Agent by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it in which case the Fiscal Agent or the relevant Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of 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 Rule 144A under the Securities Act (if available).

Each Series of Notes may also be subject to such further United States selling restrictions as the relevant Issuer and the relevant Dealer may agree and as indicated in the relevant Final Terms

United Kingdom

In relation to each Tranche of Notes, each Dealer subscribing for or purchasing such Notes represents to and agrees with the relevant Issuer, the Guarantor (where applicable) and each other such Dealer (if any) that:

Each Dealer has represented, warranted and agreed that:

- (a) *No deposit-taking*: in relation to any Notes which must be redeemed before the first anniversary of the date of their issue:
 - (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;
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) 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 FSMA by the relevant Issuer:
- (b) *Financial promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 2 1(1) of the FSMA does not apply to the relevant Issuer or the Guarantor (where applicable): and

- (c) *General compliance*: 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 cleared by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and accordingly, each Dealer subscribing for or purchasing each Tranche of Notes will represent and agree that it has not offered, sold or delivered any Notes nor distributed any copies of the Base Prospectus or any other document relating to the Notes, and will not offer, sell or deliver any Notes nor distribute any copies of the Base Prospectus or any other document relating to the Notes, in Italy, except:

- (i) to professional investors (*operatori qualificati*), as defined in Article 31.2 of CONSOB Regulation No. 11522 of 1 July 1998 as amended by CONSOB Regulation No. 11745 of 9 December 1998, CONSOB Regulation No. 12409 of 1 March 2000, CONSOB Regulation No. 12498 of 20 April 2000, CONSOB Regulation No. 13082 of 18 April 2001 and CONSOB Regulation No. 13710 of 6 August 2002: or
- (ii) in circumstances which are exempted from the rules on solicitation of investments pursuant to Articles 30.2 and 100 of Legislative Decree No. 58/98, as amended by Legislative Decree No. 37/2004, and Article 33.1 of CONSOB Regulation No. 11971 of 14 May 1999 as amended by CONSOB Regulation No. 12475 of 6 April 2000, CONSOB Regulation No. 13086 of 18 April 2001, CONSOB Regulation No. 13106 of 3 May 2001, CONSOB Regulation No. 13130 of 22 May 2001, CONSOB Regulation No. 13605 of 5 June 2002, CONSOB Regulation No. 13616 of 12 June 2002, CONSOB Regulation No. 13924 of 4 February 2003, CONSOB Regulation No. 14002 of 27 March 2003, CONSOB Regulation No. 14372 of 23 December 2003, CONSOB Regulation No. 14692 of 11 August 2004, CONSOB Regulation No. 14743 of 13 October 2004, CONSOB Regulation No. 14990 of 14 April 2005 and No. 15232 of 29 November 2005.

Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in Italy under (i) or (ii) above must be:

- (1) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993, as amended, Legislative Decree No. 58/98, as amended, CONSOB Regulation No. 11522 as amended and any other applicable laws and regulations;
- (2) in compliance with Article 129 of Legislative Decree No. 385 of 1 September 1993, as amended, and the implementing guidelines of the Bank of Italy, pursuant to which the issue, placement or offer of securities in Italy is subject to prior notification to the Bank of Italy unless an exemption depending, *inter alia*, on the aggregate value of the securities offered in Italy and their characteristics, applies; and
- (3) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan and, accordingly, each Dealer has undertaken 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 reoffering or resale, directly or indirectly in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws and regulations promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

FORM OF FINAL TERMS

Final Terms

**MEDIOBANCA - Banca di Credito Finanziario S.p.A.
MEDIOBANCA INTERNATIONAL (Luxembourg) S.A.**

**Euro 7,500,000,000
Euro Medium Term Note Programme
Guaranteed in the case of Notes issued by
Mediobanca International (Luxembourg) S.A. by
MEDIOBANCA - Banca di Credito Finanziario S.p.A.**

SERIES NO: [•]

TRANCHE NO: [•]

[Brief Description and Amount of Notes]

Issue Price: [•] per cent.

[Dealer(s)]

The date of these Final Terms is [•]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 30 December 2005 [and the supplemental Base 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 Base Prospectus [as so supplemented]. Full information on the relevant Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the supplemental Base Prospectus] [is/are] available for viewing at the registered office[s] of the Issuers and of the Guarantor [at [•]].]The Base Prospectus and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).]

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base 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 Base Prospectus dated [date of original base prospectus]. 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 Base Prospectus dated 30 December 2005 [and the supplemental Base 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 Base Prospectus dated [original date] and are attached hereto. Full information on the relevant Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated [date of original base prospectus] and 30 December 2005 [and the supplemental Base Prospectus dated [•]]. The Base Prospectuses [and the supplemental Base Prospectus] [is/are] available for viewing at the registered office[s] of the Issuers and of the Guarantor [at [•]].]The Base Prospectus and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).]

[Include whichever of the following apply or specify as “not applicable”. Note that the numbering should remain as set out below, even if individual items are deleted.]

[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 Base Prospectus under Article 16 of the Prospectus Directive]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1. (i) Issuer: [.....]
(ii) Guarantor: [.....]

2. [(i) [Series Number:]] [.....]
[(ii) [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 of Notes admitted to trading:
[(i) [Series:]] [.....]
[(ii) [Tranche:]] [.....]

5. [(i) Issue Price: [.....] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]

6. Specified Denominations: [.....]
[.....]

7. [(i) Issue Date: [.....]
[(ii) Interest Commencement Date: [.....]]

8. Maturity Date: [specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]

(N.B. Notes with an original maturity (for these purposes, “original maturity” shall be the period from, and including, the Issue Date to, but excluding, the Maturity Date, each as specified in the applicable Final Terms) of less than 18 months are subject to a withholding tax at the rate of 27 per cent. per annum in respect of interest and premium (if any), pursuant to Italian Presidential Decree No. 600 of 29 September 1973, as amended. The Issuer shall not be liable to pay any additional amounts to Noteholders in relation to any such withholding)

(N.B. Unless otherwise permitted by current laws, regulations, directives and/or the Bank of Italy’s requirements applicable to the issue of Subordinated Notes by the Issuer, (i) Upper Tier II Subordinated Notes must have a minimum maturity of ten years, (ii) Lower Tier II Subordinated Notes must have a minimum maturity of five years and (iii) Tier III Subordinated Notes must have a minimum maturity of two years)

[If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to “professional investors” or (ii) another applicable exemption from section 19 of the FSMA must be available.]

9. Interest Basis: [• % Fixed Rate]
[[specify reference rate] +/- • % Floating Rate]
[Zero Coupon]
[Index-Linked Interest]
[Other (specify)]
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
[Index-Linked Redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[Other (specify)]
(N.B. If the Final Redemption Amount is other than 100% 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 or Redemption/Payment Basis: [Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. (i) Status of the Notes: [Senior/[Dated/Perpetual]/Subordinated]
(ii) Status of the Guarantee: [Senior/[Dated/Perpetual]/Subordinated]
(iii) [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 of the Notes)
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 sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest: [.....] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [[.....] in each year up to and including the Maturity Date]/[specify other]
(N.B. This will need to be amended in the case of long or short coupons)
- (iii) Fixed Coupon Amount[(s)]: [.....] per [.....] in nominal amount
- (iv) Broken Amount(s): *[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]]*
- (v) Day Count Fraction: [30/360 / Actual/Actual (ISDA) / other]
- (vi) 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 sub-paragraphs of this paragraph.)
- (i) Specified Period/Specified Interest Payment Dates: [.....]
- (ii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ other *(give details)*]
- (iii) Additional Business Centre(s): [Not Applicable/give details]
- (iv) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other *(give details)*]
- (v) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent): [.....]
- (vi) Screen Rate Determination:
– Reference Rate: [.....]
– Interest Determination Date(s): [.....]
– Relevant Screen Page: [.....]
- (vii) ISDA Determination:
– Floating Rate Option: [.....]
– Designated Maturity: [.....]
– Reset Date: [.....]
- (viii) Margin(s): [+/-][.....] per cent. per annum
- (ix) Minimum Rate of Interest: [.....] per cent. per annum
- (x) Maximum Rate of Interest: [.....] per cent. per annum
- (xi) Day Count Fraction: [.....]

- (xii) Fall back provisions, rounding provisions, denominator 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 sub-paragraphs of this paragraph)
- (i) [Amortisation/Accrual] Yield: [.....] per cent. per annum
- (ii) Reference Price: [.....]
- (iii) Any other formula/basis of determining amount payable: [.....]
- 18. Index-Linked Interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/Formula: [Give or annex details]
- (ii) Calculation Agent responsible for calculating the interest due: [.....]
- (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [.....]
- (iv) Specified Period/Specified Interest Payment Dates: [.....]
- (v) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (vi) Additional Business Centre(s): [.....]
- (vii) Minimum Rate of Interest: [.....] per cent. per annum
- (viii) Maximum Rate of Interest: [.....] per cent. per annum
- (ix) Day Count Fraction: [.....]
- 19. Dual Currency Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [Give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [.....]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [.....]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [.....]

PROVISIONS RELATING TO REDEMPTION

- 20. **Call Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
 - (i) Optional Redemption Date(s): [.....]
 - (ii) Optional Redemption Amount(s) [.....] per Note of [.....] specified denomination
of each Note and method, if any,
of calculation of such amount(s):
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: [.....]
 - (b) Maximum Redemption Amount: [.....]
 - (iv) Notice period: [.....]

- 21. **Put Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
 - (i) Optional Redemption Date(s): [.....]
 - (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):
 - (iii) Notice period: [.....]

- 22. **Final Redemption Amount of each Note** [[.....] per Note of specified denomination/other/see Appendix]
[Include the following in cases where the Final Redemption Amount is Index-Linked or other variable-linked]
 - [(i) Index/Formula/variable [give or annex details]
 - (ii) Calculation Agent responsible for calculating the Final Redemption Amount [.....]
 - (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable [.....]
 - (iv) Determination Date(s) [.....]
 - (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted [.....]
 - (vi) Payment Date [.....]
 - (vii) Minimum Final Redemption Amount [.....]
 - (viii) Maximum Final Redemption Amount [.....]

23. **Early Redemption Amount**

Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):

[Not Applicable (*if both the Early Redemption Amount (Tax) and the Early Termination Amount are the principal amount of the Notes/specify the Early Redemption Amount (Tax) and/or the Early Termination Amount if different from the principal amount of the Notes*)]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:

Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [.....] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]

[Temporary Global Note exchangeable for Definitive Notes on [.....] days' notice.]

[Permanent Global Note exchangeable for Definitive Notes on [.....] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note].

25. Additional Financial Centre(s) or other special provisions relating to Payment Dates:

[Not Applicable/*give details*]

[*Note that this item relates to the date and place of payment and not to interest period end dates, to which items 16(iii) and 18(vi) relate.*]

26. 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*]

27. 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 (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:

[Not Applicable/*give details*]

28. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:

[Not Applicable/*give details*]

29. Redenomination, renominatisation and reconventioning provisions:

[Not Applicable/The provisions [in Condition [•] apply]

30. Consolidation provisions:

[Not Applicable/The provisions in Condition 12 (*Further Issues and Consolidation*) [annexed to these Final Terms] apply]

31. Other final terms

[Not Applicable/*give details*]

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

DISTRIBUTION

32. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/*give names, addresses and underwriting commitments*]

(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses 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.)

(ii) Date of Subscription Agreement: [.....]

(iii) Stabilising Manager(s) (if any): [Not Applicable/*give name*]

33. If non-syndicated, name and address of Dealer: [Not Applicable/*give name and address*]

34. TEFRA: [Not Applicable/The [C/D] Rules are applicable]

35. Additional selling restrictions: [Not Applicable/*give details*]

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprises the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the 7,500,000,000 Euro Medium Term Note Programme.]

RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in these Final Terms [[.....] has been extracted from [.....]. [Each of the] [The] Issuer [and the Guarantor] confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [.....], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By:

Duly authorised

[Signed on behalf of the Guarantor:

By:

Duly authorised]

PART B - OTHER INFORMATION

1. (i) Listing: [Luxembourg/ other (specify)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [.....] with effect from [.....].]/[Not Applicable.]
(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)
- (iii) Estimate of total expenses related to [.....]

2. RATINGS

- Ratings: The Notes to be issued have been rated:
[S & P's: [.....]]
[Moody's: [.....]]
[[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. NOTIFICATION

The [include name of competent authority in European Economic Area home Member State] [has been requested to provide/has provided] [include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of host Member States] with a certificate of approval attesting that the Base Prospectus has been drawn up in accordance with the Prospectus Directive.]

4. 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 offer of the Notes has an interest material to the offer. [Amend as appropriate if there are other interests]

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

- [(i) Reasons for the offer: [.....]
(See [“Use of Proceeds”] wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]
- [(ii) 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.)]
- [(iii) Estimated total expenses: [Include breakdown of expenses.]
(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)]

6. [Fixed Rate Notes Only] YIELD

Indication of yield: [.....]
Calculated as [*include details of method of calculation in summary form*] on the Issue Date.
As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

[6. [Floating Rate Notes only] HISTORIC INTEREST RATES

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

[6. [Index-Linked or other variable-linked Notes only] PERFORMANCE OF INDEX/FORMULA/ OTHER VARIABLE AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING

(Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and 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 a description of any market disruption or settlement disruption events that affect the underlying.)

(Need to include adjustment rules in relation to events concerning the underlying.)

(Where the underlying is a security, the name of the issuer of the security and its ISIN or other such security identification code.)

(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. Where the underlying is not an index need to include equivalent information.)

(Where the underlying is an interest rate, a description of the interest rate.)

(Where the underlying is a basket of underlyings, disclosure of the relevant weightings of each underlying in the basket.)

[6. [Dual Currency Notes only] PERFORMANCE OF RATE[S] OF EXCHANGE

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

[6/7].OPERATIONAL INFORMATION

ISIN Code: [.....]
Common Code: [.....]
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)]
Delivery: Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any): [.....]

FURTHER INFORMATION RELATING TO THE ISSUER

[The information set out in this Schedule may need to be updated if, at the time of the issue of the Notes, any of it has changed since the date of the Base Prospectus]

[Further information in respect of the Mediobanca is provided, pursuant to Article 2414 of the Italian Civil Code.]

[For Notes issued by Mediobanca]

1. **Name:** Mediobanca - Banca di Credito Finanziario S.p.A.
2. **Objects:**

The objects of the Issuer, as set out in Article 3 of its bylaws, are as follows:

“The purpose of the Company shall be to raise funds and provide credit in any of the forms permitted, with special regard to medium and long-term financing of corporates.

Within the limits laid down by current regulations, the Company may execute all banking, financial and intermediation-related transactions and/or services and carry out any transaction deemed to be instrumental to or otherwise connected with achievement of the Company’s purpose.

As part of its supervisory and coordinating activities in its capacity as parent company of the Mediobanca Banking Group within the meaning of Article 61/4 of Legislative Decree No. 385 dated 1 September 1993, the Company shall issue directives to member companies of the Group to comply with instructions given by the Bank of Italy in the interests of maintaining the Group’s stability.”
3. **Registered office:** Piazzetta E. Cuccia 1, Milan, Italy.
4. **Company registration:** Registered at the Companies’ Registry of the Chamber of Commerce of Milan, Italy under registration no. 52704.
5. **Amount of paid-up share Capital and reserves:**

Paid-up share capital: Euro 398,296,707.50, consisting of 796,593,415 ordinary shares with a nominal value of Euro 0.50 each.

Reserves: Euro 3,337,717,147.60.

[For Notes issued by Mediobanca International]

1. **Name:** Mediobanca International (Luxembourg) S.A.
2. **Registered office:** 14 Boulevard Roosevelt, Luxembourg.
3. **Company registration:** Registered at [•] on [•]
4. **Amount of paid-up share Capital and reserves:**

EUR 10,000,000 divided into 1,000,000 ordinary shares of EUR 10.00 each.

EUR 63,100,000 as at 30 November 2005.
5. **Duration of the Company:** Unlimited.
6. **Date of constitutional documents:** Transferred to Luxembourg by public deed dated 21 December 2005, published [•].

TAXATION

The following is a general description of certain tax considerations under the laws of Italy and Luxembourg relating to a holding of Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of the Notes should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of any other jurisdiction of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date, and may be retroactively applicable.

(A) Tax regime for Mediobanca issues

Tax on interest, premiums and other proceeds

Legislative Decree No. 239 of 1 April 1996 (“Decree No. 239”), as amended and restated, regulates the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes issued, *inter alia*, by Italian banks, having an original duration of not less than 18 months and qualifying as *obbligazioni* or *titoli similari alle obbligazioni* pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended by Legislative Decree No. 344 of 12 December 2003.

Pursuant to Decree No. 239, payments of interest, premium and other income from such Notes issued by the Issuer:

- (a) will be subject to final substitute tax, *imposta sostitutiva delle imposte sui redditi*, (“**Substitute Tax**”) at the rate of 12.5 per cent. in the Republic of Italy pursuant to Article 45 of Presidential Decree No. 917 of 22 December, 1986 if made to beneficial owners who are:
 - (i) individuals resident in the Republic of Italy for tax purposes, holding Notes not in connection with entrepreneurial activities (unless they 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 according to Article 7 of Italian Legislative Decree No. 461 of 21 November 1997 - the “**Asset Management Option**”);
 - (ii) Italian resident partnerships (other than “*società in nome collettivo*”, “*società in accomandita semplice*” or similar partnerships), de facto partnerships not carrying out commercial activities and professional associations;
 - (iii) Italian resident public and private entities, other than companies, not carrying out commercial activities;
 - (iv) Italian resident entities exempt from corporate income tax; and
 - (v) non-Italian resident entities or individuals without a permanent establishment in Italy to which the Notes are effectively connected, which are not eligible for the exemption from Substitute Tax and/or do not timely comply with the requirements set forth in Decree No. 239 and the relevant application rules in order to benefit from the exemption from Substitute Tax. As to non-Italian resident beneficial owners, Substitute Tax may apply at lower or nil rate under double taxation treaties entered into by Italy, where applicable.

The 12.5 per cent. (or, in certain cases, for double taxation treaties entered into by Italy and covering non-Italian resident beneficial owners, the lower rate provided for by the relevant applicable double taxation treaty) final Substitute Tax will be applied by the Italian resident qualified financial intermediaries that will intervene, in any way, in the collection of interest and other proceeds on the Notes or in the transfer of the Notes:

- (b) will not be subject to the 12.5 per cent. Substitute Tax if made to beneficial owners who are:
 - (i) Italian resident corporations or permanent establishments in Italy of non resident corporations to which the Notes are effectively connected;
 - (ii) Italian resident collective investment funds, Italian resident pension funds referred to in Legislative Decree No. 124 of 21 April 1993 and Italian resident real estate investment funds which benefit from the new regime provided for by Decree No. 351;

- (iii) Italian resident individuals holding Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an Italian authorised financial intermediary and have opted for the Asset Management Option; and
- (iv) non-Italian resident beneficial owners of Notes with no permanent establishment in Italy to which the Notes are effectively connected, provided that:
 - such non-Italian resident beneficial owners (i) are resident for tax purposes, in a country which recognises the Italian fiscal authorities’ right to an adequate exchange of information and (ii) are not resident for tax purposes, in certain tax haven countries referred to in Article 110, paragraph 10, of Presidential Decree of 22 December 1986, No. 917, as amended, identified by Ministerial Decree of 23 January 2002; and
 - all the requirements and procedures set forth in Decree No. 239 in order to benefit from the exemption from Substitute Tax, have been complied with.

To ensure payment of interest and other proceeds in respect of the Notes without the application of Substitute Tax investors indicated above sub-paragraph (b) must (i) be the beneficial owners of payments of interest and other proceeds on the Notes: (ii) timely deposit the Notes together with the coupons relating to such Notes directly or indirectly with an Italian authorised financial intermediary; and (iii) in the event of non-Italian resident beneficial owners being holders of the Notes, promptly file with the relevant depository a self-declaration stating, *inter alia*, to be resident, for tax purposes, in a country which recognises the Italian fiscal authorities’ right to an adequate exchange of information and not to be resident, for tax purposes, in tax haven countries referred to in Article 110, paragraph 10, of Presidential Decree of 22 December 1986, No. 917, as amended, identified by Ministerial Decree of 23 January 2002. Such self-declaration is valid until withdrawn or revoked and must not be submitted in case that a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository.

Decree No. 239, as amended and restated, also provides for additional exemptions from Substitute Tax for payments of interest and other proceeds in respect of the Notes made to (i) international bodies and organisations established in accordance with international agreements ratified in Italy; (ii) foreign institutional investors not subject to income tax or to other similar taxes, which are resident in countries which (a) allow an adequate exchange of information and (b) are not tax haven countries included in the black list identified by Ministerial Decree of 23 January 2002, and (iii) Central Banks, even if investing State reserves.

Special rules apply if the Notes are part of an investment portfolio managed on a discretionary basis by an authorised intermediary and the beneficial owners of the Notes opt for the Asset Management Option and if the Notes are in the portfolio of Italian collective investment funds, SICAVs, pension funds and real estate investment funds.

Italian resident individuals holding Notes not in connection with entrepreneurial activity who have opted for the Asset Management Option are subject to a 12.5 per cent. annual substitute tax, *imposta sul risparmio gestito*, pursuant to Article 7 of Legislative Decree No. 461 of 21 November 1997, (the “**Asset Management Tax**”) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include interest and other proceeds accrued on the Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Italian resident collective investment funds and SICAVs are subject to a 12.5 per cent. annual substitute tax (the “**Collective Investment Fund Tax**”) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include interest and other proceeds accrued on the Notes).

Italian resident pension funds subject to the regime provided by Articles 14, 14-ter and 14-quarter, paragraph 1, of Italian Legislative Decree No. 124 of 21 April 1993 are subject to a 11 per cent. annual substitute tax (the “**Pension Fund Tax**”) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include interest and other proceeds accrued on the Notes).

Pursuant to Decree No. 351, the 12.5 per cent. Substitute Tax indicated above sub paragraph (a) no longer applies to payments of interest and other proceeds in respect of Notes to beneficial owners of Notes who are Italian resident real estate investment funds established, starting from 26 September 2001, pursuant to Article 37 of Legislative Decree of 24th February 1998, No. 58, and Article 14-bis of Law of 25 January 1994, No. 86, or in any case subject to the tax treatment provided for by Decree No. 351 in consequence of option for application of such treatment by the managing company, where allowed. In particular, such

Italian resident real estate investment funds are subject to an annual 1 per cent. substitute tax (the “**Real Estate Investment Fund Tax**”) on the accounting net value of the fund.

Interest and other proceeds accrued on the Notes would be included in the corporate taxable income (and in certain circumstances, depending on the “status” of the Noteholders, also in the net value of production for the purposes of regional tax on productive activities - IRAP) of beneficial owners who are Italian resident corporations and permanent establishments in Italy of foreign corporations to which the Notes are effectively connected, subject to tax in Italy in accordance with ordinary tax rules.

Early redemption

Without prejudice to the above provisions, in the event that Notes, with an original duration of not less than 18 months, are redeemed prior to 18 months from the issue date, the Issuer, in the case that the Issuer is an Italian resident entity, will be required to pay an additional amount equal to 20 per cent. of the interest and other proceeds accrued up to the time of early redemption. This payment will be made by the Issuer and will not affect the amounts to be received by the Noteholder by way of interest or other proceeds, if any, under the Notes.

Atypical securities

Notes whose terms provide for redemption at maturity of an amount below their par value are deemed to qualify as atypical securities, *titoli atipici* pursuant to Article 5 of Law No. 512/83.

Payments of interest and other proceeds (including the difference between the amount paid to Noteholders at maturity or the value of assets due to them on maturity and the issue price) relating to Notes that are deemed to qualify as atypical securities may be subject to a withholding tax, levied by the Issuer at the rate of 27 per cent., final or on account depending on the “status” of the Italian resident Noteholders, unless the Issuer has entrusted such duty to a third party. The rate of withholding tax applicable as to payments of interest and other proceeds on the Notes to non-Italian resident Noteholders may be reduced under double taxation treaties entered into by Italy, where applicable.

Capital gains from the sale of Notes

Pursuant to Article 67, paragraph 1 e-ter of Presidential Decree No. 917 of 22 December 1986, as amended by Legislative Decree No. 344/2003, a 12.5 per cent. substitute tax on capital gains (referred to as *imposta sostitutiva*) will be applicable to capital gains, other than investment income (*redditi di capitale*) or business income (*redditi di impresa*) realised by Italian resident individuals and determined in accordance with Article 68 of Presidential Decree No. 917 of 22 December 1986.

Under the tax declaration regime, which is the standard for taxation of capital gains realised by Italian resident individuals holding notes not in connection with entrepreneurial activities, the 12.5 per cent. imposts *sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains net of any incurred capital losses realised by Italian resident individuals not engaged in entrepreneurial activities pursuant to all investment transactions carried out during any given fiscal year. The capital gains realised in a tax year must be detailed in the annual tax declaration to be filed with Italian tax authorities. Where losses exceed gains they may be carried forward against capital gains realised in any of the following four fiscal years.

As an alternative to the tax declaration regime. Noteholders, who are Italian resident individuals holding notes not in connection with entrepreneurial activities, may elect to pay *imposta sostitutiva* separately on the individual capital gains realised on each sale or transfer or redemption of the Notes (the *Risparmio Amministrato* regime).

Such separate taxation of the individual capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or other qualified intermediaries and (ii) an express election of separate taxation being timely made in writing by the relevant Noteholder. In case of election for the *Risparmio Amministrato* regime, the Italian intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or transfer or redemption of the Notes, as well as on capital gains realised as at revocation of its mandate, net of any incurred capital losses, and is required to pay the relevant amount to the Italian fiscal authorities, deducting a corresponding amount from proceeds to be credited to the Noteholder. Where a particular sale or transfer or redemption of the Notes results in a net loss, the intermediary is entitled to deduct such loss from gains subsequently realised within the same relationship of deposit in the same tax year or in the following four fiscal years. Under the *Risparmio Amministrato* regime the Noteholder remains anonymous.

Special rules apply if the Notes are part of an investment portfolio managed on a discretionary basis by an authorised intermediary and the beneficial owners of the Notes opt for the Asset Management Option and if the Notes are in the portfolio of Italian collective investment funds, SICAVs, pension funds and real estate investment funds.

Any capital gains referred to in Articles 67 and 68 of Presidential Decree No. 917 of 22 December 1986, as amended by Legislative Decree No. 344/2003 and realised by Italian resident individuals holding Notes not in connection with entrepreneurial activity who have elected for the Asset Management Option are calculated by taking into account any capital losses and will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at each year end, subject to the Asset Management Tax to be applied on behalf of the taxpayer by the managing authorised intermediary. Under the Asset Management Option, any depreciation of the managed assets accrued at each year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding fiscal years. Under the Asset Management Option, the Noteholder is not required to report capital gains realised in its annual tax declaration and remains anonymous.

Any capital gains realised by Noteholders who are Italian resident collective investment funds and SICAVs will be included in the computation of the taxable basis of the Collective Investment Fund Tax.

Any capital gains realised by Noteholders who are Italian resident pension funds subject to the regime provided by Articles 14, 14-ter and 14-quarter, paragraph 1, of Legislative Decree No. 124 of 21 April 1993, will be included in the computation of the taxable basis of Pension Fund Tax.

The 12.5 per cent. final *imposta sostitutiva* on capital gains may in certain circumstances be payable on capital gains realised upon sale for consideration or redemption of Notes by non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to Legislative Decree No. 259 of 21 July 1999, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected upon sale for consideration or redemption of Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad, even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty, the same applies to Noteholders who are resident for tax purposes in a country with a favourable tax regime (a regime *fiscale privilegiato*), to the extent such income is not considered realised in Italy pursuant to Article 23, letter (f), number (2) of Presidential Decree No. 917 of 22 December 1986. In relation to non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected who hold Notes in Italy with an Italian authorised financial intermediary and are subject to the *Risparmio Amministrato* regime, this exemption from *imposta sostitutiva* on capital gains applies upon condition that they promptly file with the Italian authorised financial intermediary a self-declaration not to be resident in Italy for tax purposes.

In case the Notes are not listed on a regulated market in Italy or abroad:

- (i) non-Italian resident beneficial owners of Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from *imposta sostitutiva* on any capital gains realised upon sale for consideration or redemption of the Notes if they (i) are resident for tax purposes in a country which recognises the Italian fiscal authorities' right to an adequate exchange of information and (ii) are not resident, for tax purposes, in certain tax haven countries included in the black list referred to in Article 110, paragraph 10, of Presidential Decree of 22 December 1986. No. 917, identified by Ministerial Decree of 23 January 2002.

In such case, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected hold Notes in Italy with an Italian authorised financial intermediary and are subject to the *Risparmio Amministrato* regime, exemption from *imposta sostitutiva* on capital gains applies upon condition that they promptly file with the Italian authorised financial intermediary a self-declaration stating to meet the requirements indicated under (i) and (ii) above.

- (ii) in any event, non-Italian resident persons or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon 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 the Republic of Italy on any capital gains realised upon sale for consideration or redemption of Notes.

In such case, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected hold Notes in Italy with an Italian authorised financial intermediary and are subject to the *Risparmio Amministrato* regime, exemption from Italian *imposta sostitutiva* on capital gains will apply upon condition that they promptly file with the Italian authorised financial intermediary appropriate documents which include, *inter alia*, a statement from the competent tax authorities of the country of residence of the non-Italian residents.

Any capital gains realised upon sale, transfer or redemption of the Notes by Italian resident corporations or permanent establishments in Italy to which the Notes are effectively connected, shall be treated as part of their taxable business income in Italy (and in certain cases may also be included in their taxable net value of production for purposes of regional tax on productive activities - TRAP), subject to tax in Italy according to the relevant tax provisions.

Italian Legislative Decree 143/05: Tax regime in respect of payments of interest and royalties between associate companies in different member states

Italian Legislative Decree 143/05 enacts EC directive 2003/49 issued on 3 June 2003 and governs exemption from all taxes on payment of interest and royalties in Italy by:

- companies or entities resident in Italy which are subject to corporate income tax and do not benefit from any exemption regime;
- permanent establishments of non-resident companies located in Italy which are subject to corporate income tax and do not benefit from any exemption regime,

to companies and entities resident in other member states but forming part of the same group, including to such companies' permanent establishments. To this end the foregoing Legislative Decree was introduced pursuant to Italian Presidential Decree 600/73, Article 26 quater.

Definition of interest

Pursuant to Article 26 quater, paragraph 3 letter b), interest is defined as “income on receivables of whatever nature, secured or unsecured by mortgages, and in particular income deriving from securities, mortgage loans, deposits and current accounts (secured or unsecured by mortgages); bonds and similar securities, including income from securities linked to financial indicators; income from certificates of deposit and interest-bearing coupons, irrespective of their life, and income from all types of security of a non-participatory nature”.

The following are not interest as previously defined:

1. interest on loans disbursed by the shareholder itself or related parties in excess of the amounts provided for by Article 98 of the Italian consolidated income tax law;
2. profits provided for under Article 44, paragraph 1 letter f) of the consolidated income tax law;
3. interest on securities and financial instruments listed under Article 44 paragraph 2 letter a) and Article 109 paragraph 9 letter a) of the consolidated income tax law, including in respect of those which do not entitle shareholders to an interest in the earnings of the issuer or other companies forming part of the same group or of the transaction in relation to which the financial instruments were issued;
4. payments in respect of receivables which authorize the lender to waive his or her entitlement to interest, in exchange for the right to an interest in the borrower's profits;
5. payments in respect of receivables which make no provision for repayment of principal or for which such repayment must be made for than fifty years subsequent to the date of issue.

Paragraph 4 of Article 26 quater establishes that exemption shall apply provided that:

- (a) the companies benefiting from the interest income described under paragraph 3 and the companies whose permanent establishments are the beneficiaries of such income have one of the forms contemplated under Annex A attached to the Legislative Decree, are resident for tax purposes in an EU member state and not considered resident outside the EU pursuant to a convention in respect of dual income tax entered into with another state, and are subject without exemption to one of the taxes listed under Annex B to the Legislative Decree or an identical tax or a substantially similar tax applied in addition to or in place of the said taxes;
- (b) interest paid to non-resident companies as defined under the foregoing letter a) is subject to one of the taxes listed under Annex B to the Legislative Decree;

- (1) non-resident companies as defined under the foregoing letter a) and permanent establishments of companies located in another member state are the effective beneficiaries of such interest income, provided they receive such payments for their own benefit and not as an intermediary, such as an agent or trustee agent, for another entity;
- (2) the aforementioned permanent establishments are the effective beneficiaries of such income, provided that the receivable, royalty, use or information which generates payment of interest effectively relates to such permanent establishments, and such interest represents income as a result of which they are subject to one of the taxes listed under Annex B of the Legislative Decree in the member state in which they are situated.

Paragraph 5: this governs the relationship of control between the company making the payment and the effective beneficiary, i.e. if both entities are directly or indirectly controlled by a third party and the amount of the interest is higher than the normal value, calculated in accordance with Article 110, paragraph 2 of the Italian Consolidated Income Tax Law, exemption applies up to the amount of the normal value.

Definition of associate company

The Italian legislator has opted for the criterion of investments which attribute voting rights. Hence, pursuant to paragraph 2 of Article 26-*quater* of Italian Presidential Decree 600/1973 a company is entitled to exemption provided that:

- (a) the company or companies whose permanent establishment makes the payment owns a holding itself or via subsidiaries of no less than 25% of the voting rights in the company or permanent establishment of the company which receives the payment;
- (b) the company which receives the payment or the company whose permanent establishment receives the payment, itself owns a holding of no less than 25% of the voting rights in the company which makes the payment or in the company whose permanent establishment makes the payment;
- (c) a third party meeting the requirements listed under paragraph 4 (see the foregoing letter a) hereof) itself owns a holding of no less than 25% of the voting rights in both the company making the payment and the company receiving the payment or in the company whose permanent establishment receives the payment;

under such circumstances, the possibility that the third party company may reside in a country which is not an EU member state is expressly excluded;

- (d) the voting rights referred to above must be exercisable in ordinary general meetings of the company as provided in Articles 2364, 2364-*bis* and 2479 of the Italian Civil Code.

In this connection, it should be noted that the company may benefit from exemption in the event that it owns the minimum 25% interest itself or holds it by virtue of another form of right entitling it to voting rights in general meetings (e.g. pledges);

- (e) the interests which entitle their holders to voting rights as previously described are held on an uninterrupted basis for no less than one year.

If the final requirement of one year's uninterrupted ownership has not been met by the time when the interest is paid, the withholding agency shall withhold the envisaged amount at source, while the recipient of the interest who has met the aforementioned requirement shall apply for a rebate from the tax revenue authority central offices in Pescara.

Methods of applying for exemption

A statement must be produced testifying to the effective beneficiary's residence, and in the event of a permanent establishment, to its effective existence; such statement is to be issued by the competent tax authorities of the country in which the beneficiary company is resident or of the member state in which the permanent establishment is situated.

A declaration made by the effective beneficiary must also be produced to the effect that it meets all the requirements laid down in paragraphs 2 and 4 of Article 26-*quater*. These documents should be submitted to the companies or permanent establishments that make the payments within the interest payment date and is effective for one year following the date on which such documentation is issued.

The documents must be kept until the terms for checking the information contained therein has elapsed, and without prejudice to the foregoing, until the checks themselves have been carried out.

Documentation with one year's validity does not have to be submitted in respect of each individual contract, provided that the requirements continue to be met for the entire one-year period.

In particular, the non-resident entity must provide a self-issued declaration to the effect that it:

1. holds the status of associate company of the resident tax-paying company;
2. has held the interest on an uninterrupted basis for more than one year;
3. has one of the legal forms listed under Annex A to the Legislative Decree;
4. is resident for tax purposes in a member state of the EU and has no other residence (i.e. dual residence) in a non-EU country if such country has entered into a dual taxation convention which attributes priority in bilateral relations to the non-EU country;
5. is subject to taxation in its country of residence and that interest and royalties received are subject to one of the taxes listed in Annex B to the Legislative Decree;
6. receives the interest in the capacity of effective beneficiary.

(B) Tax regime for Mediobanca International issues

Luxembourg

Under the existing laws of Luxembourg as currently applied by the Luxembourg tax authorities:

- (a) all payments of interest and principal by the Issuer under the Notes can be made free of withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein except for interest paid or attributed to a natural person resident of an EU Member State or to a residual entity within the meaning of article 4§2 of the EC Council Directive no. 2003/48/EC on the taxation of savings income (implemented in Luxembourg by a law of 21 June 2005, *Mémorial* A 2005 n° 86 p. 1540), as further described under (d) below;
- (b) a holder of a Note who derives income from such Note or who realises a gain on the disposal or redemption thereof will not be subject to Luxembourg taxation on income or capital gains unless:
such holder is, or is deemed to be, resident in Luxembourg (if such holder is a natural person, under a bill (n° 5504) introduced by the Government before Parliament on 19 October 2005, which is expected to be adopted and enter into force by 1 January 2006, such taxation will occur by way of a final 10% withholding tax); or
such income or gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg;
- (c) Luxembourg net wealth tax will not be levied on a holder of a Note unless:
 - (i) such holder is, or is deemed to be, resident in Luxembourg for the purpose of the relevant provisions (and such holder is not a natural person.);or
 - (ii) such Note is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg;
- (d) no Luxembourg inheritance tax is levied on the transfer of Notes upon the death of a Noteholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes;
- (e) Luxembourg gift tax will be levied in the event that the gift is made pursuant to a notarial deed signed before a Luxembourg notary;
- (f) it is not compulsory that the Notes be filed, recorded or enrolled with any court, or other authority in Luxembourg or that registration tax, transfer tax, capital tax, stamp duty or any other similar tax or duty (other than court fees and contributions for the registration with the Chamber of Commerce) be paid in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgement in the courts of Luxembourg) of the Notes, in accordance therewith, except that, in case of use of the Notes, either directly or by way of reference (i) in a public deed, (ii) in a judicial proceeding in Luxembourg or (iii) before any other Luxembourg official authority (*autorité constituée*), registration may be ordered which implies the application of a fixed or an ad valorem registration duty and calculated on the amounts mentioned in the Notes;

- (g) there is no Luxembourg value added tax payable in respect of payments in consideration for the issue of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of Notes, provided, however, that Luxembourg value added tax may, however, be payable in respect of fees charged for certain services rendered to the Issuer, if for Luxembourg value added tax purposes such services are rendered, or are deemed to be rendered, in Luxembourg and an exemption from Luxembourg value-added tax does not apply with respect to such services; and
- (h) a holder of a Note will not become resident, or deemed to be resident, in Luxembourg by reason only of the holding of such Note or the execution, performance, delivery and/or enforcement of that or any other Note.

Italy

Tax on interest, premiums and other proceeds

To the extent that the Notes qualify as “*obbligazioni o titoli similari*” pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended by Legislative Decree No. 344 of 12 December 2003, and pursuant to Legislative Decree No. 239 of 1 April 1996, as amended and restated (“**Decree No. 239**”), interest, premiums, and other income owed by a non-resident issuer to beneficial owners of Notes resident in Italy for tax purposes may be subject to final Italian substitute tax (“**Substitute Tax**”), depending on the legal status of the beneficial owner.

Substitute Tax is payable on interest, premiums and other proceeds in respect of the Notes paid to the persons and entities listed hereunder and, in the case of a sale of the Notes, on every item of the proceeds from sales paid to persons and entities listed hereunder, representing interest, premiums and other proceeds accrued, either implicitly or explicitly. The applicable rates of Substitute Tax are 12.5 per cent., if the original maturity of the Notes was 18 months or more, and 27 per cent., if such maturity was less than 18 months.

Interest, premiums, and other proceeds accrued up to the date of early redemption or prepayment on Notes having an original maturity of not less than 18 months and redeemed or prepaid by the relevant Issuer within 18 months of the date of issue, are subject to additional tax payable by resident beneficial owners at a rate of 20 per cent.

Substitute Tax at a rate of 12.5 per cent. on interest, premiums and other proceeds from Notes with an original maturity of not less than 18 months, applies to beneficial owners who are:

- (i) individuals resident in the Republic of Italy for tax purposes, holding Notes not in connection with entrepreneurial activity (unless they have entrusted the management of their financial assets, including the Notes, to an Italian authorised financial intermediary and have opted for the *risparmio gestito* regime provided for by Article 7 of Legislative Decree No. 461 of 21 November 1997 - the “**Asset Management Option**”);
- (ii) Italian resident partnerships (other than *società in nome collettivo*, *società in accomandita semplice* or similar partnerships), de facto partnerships not carrying out commercial activities and professional associations;
- (iii) Italian resident public and private entities, other than companies, not carrying out commercial activities;
- (iv) Italian resident entities exempt from corporate income tax.

Substitute Tax at a rate of 27 per cent. on interest, premiums and other proceeds from Notes with an original maturity of less than 18 months, applies to the Italian resident beneficial owners listed above under (i) to (iv) and in addition to Italian beneficial owners who are (a) collective investment funds and SICAVs regulated by Article 8, paragraphs 1 to 4, of Legislative Decree of 21 November 1997, No. 461 (“**Decree No. 461**”), and (b) pension funds regulated by Legislative Decree of 21 April 1993, No. 124. Moreover, Substitute Tax at a rate of 27 per cent. applies to private individuals holding Notes with an original maturity of less than 18 months not in connection with entrepreneurial activity even in case they have entrusted the management of their financial assets to an Italian authorised financial intermediary and have opted for the Asset Management Option.

The 12.5 per cent or 27 per cent final Substitute Tax will be applied by the Italian resident qualified financial intermediaries that will intervene, in any way, in the collection of interest, premiums and other proceeds on the Notes or in the transfer of the Notes.

Where interest and other proceeds on the Notes are not collected through the intervention of an Italian resident qualified financial intermediary and as such no Substitute Tax is applied, the Italian resident beneficial owners listed above under (i) to (iv) and Italian collective investment funds, SICAVs and pension funds holding Notes with an original maturity of not less than 18 months, will be required to declare interest, premiums and other proceeds in their yearly income tax return and subject them to final substitute tax at a rate of 12.5 per cent. (in case of Notes with an original maturity of not less than 18 months) or 27 per cent. (in case of Notes with an original maturity of less than 18 months). The individual beneficial owners indicated above under (i) may elect instead to pay ordinary personal income tax at the progressive rates applicable to them in respect of interest, premiums and other proceeds on the Notes: if so, the beneficial owners should generally benefit from a tax credit for withholding taxes applied outside Italy, if any.

Payment of Substitute Tax exempts the persons and entities indicated above from any other form of tax.

Special rules apply if the Notes are part of an investment portfolio managed on a discretionary basis by an authorized intermediary and the beneficial owner of the Notes opts for the Asset Management Option or if the Notes are in the portfolio of Italian collective investment funds, SICAVs, pension funds and real estate investment funds.

In case the Notes are part of an investment portfolio managed on a discretionary basis by an authorized intermediary and the beneficial owners of the Notes have opted for the Asset Management Option, an annual substitute tax at a rate of 12.5 per cent. (the “**Asset Management Tax**”) that applies on the increase in value of the managed assets accrued, even if not realised, at the end of each tax year (which increase would include interest, premiums and other proceeds accrued on Notes having an original maturity of not less than 18 months). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Italian resident collective investment funds and SICAVs are subject to a 12.5 per cent. annual substitute tax (the “**Collective Investment Fund Tax**”) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include interest, premiums and other proceeds accrued on Notes having an original maturity of not less than 18 months).

Italian resident pension funds subject to the regime provided by Articles 14, 14-ter and 14-quarter, paragraph 1, of Italian Legislative Decree No. 124 of 21 April 1993, are subject to a 11 per cent. annual substitutive tax (the “**Pension Fund Tax**”) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include interest, premiums and other proceeds accrued on Notes having an original maturity of not less than 18 months).

Pursuant to Decree No. 351, Italian resident real estate investment funds established after 26 September 2001 pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, and Article 14-bis of Law No. 86 of 25 January 1994, or in any case subject to the tax treatment provided for by Decree No. 351, are subject to an annual 1 per cent. substitute tax (the “**Real Estate Investment Fund Tax**”) on the accounting net value of the funds, whilst interest, premiums and other proceeds on the Notes derived by such funds are not subject to Substitute Tax.

Substitute Tax is not levied on interest, premiums and other proceeds on Notes (either with maturity of less or not less than 18 months) paid to Italian resident companies engaged in business or to permanent establishments in Italy of foreign companies to which the Notes are effectively connected. In such cases, interest, premiums and other proceeds accrued on the Notes will be included in the taxable business income (and, in certain cases, depending on the status of the Noteholders, may also be included in the taxable net value of production subject to regional tax on productive activities - IRAP) of such beneficial owners, subject to tax in Italy in accordance with ordinary tax rules. A tax credit for withholding taxes applied outside Italy, if any, should be generally available.

To ensure payment of interest, premiums and other proceeds in respect of the Notes without application of the Substitute Tax, where allowed, investors must (i) be the beneficial owners of payments of interest, premiums and other proceeds on the Notes and (ii) timely deposit the Notes together with the coupons relating to such Notes directly or indirectly with an Italian authorised financial intermediary.

Interest, premiums and other proceeds paid on Notes by a non-resident taxable person or entity to a beneficial owner who is not resident of Italy for tax purposes, without a permanent establishment in Italy to which the Notes are effectively connected, should not be subject to any Substitute Tax. If the Notes are deposited with an Italian bank or a resident intermediary or are sold through an Italian bank or a resident intermediary or

in any case an Italian resident intermediary intervenes in the payment of interest, premiums and other proceeds on the Notes, to ensure payment of interest, premiums and other proceeds without application of Substitute Tax, a non Italian resident beneficial owner should produce a self-declaration stating not to be resident in Italy for tax purposes.

The proposed European directive aimed at introducing a “withholding tax system” or “information reporting system” relating to savings income in the form of interest payments within the European Union may have an impact on the system described in the foregoing paragraphs.

Notes redeemable below par

Where any set of Notes is issued whose terms provide for redemption on maturity of an amount below their par value based on equity indices or some other formula and thus the Notes qualify as so-called “*titoli atipici*” or “atypical securities”, any proceeds (including the difference between the amount paid to Noteholders at maturity or the value of assets due to them on maturity and the issue price) on Notes paid, *inter alia*, to Italian resident (i) private individuals holding Notes not in connection with entrepreneurial activities, (ii) real estate investment funds, (iii) pension funds, (iv) collective investment funds and SICAVs and (v) persons and entities exempt from corporate income tax, shall be subject to final “entrance” withholding tax at a rate of 27 per cent., if the Notes are sold (“*collocati*”) in Italy and an entrusted Italian resident bank or financial intermediary intervenes in the collection of payments on the Notes, in the repurchase or in the transfer of the Notes. The 27 per cent. “entrance” withholding tax shall be levied by such Italian bank or financial intermediary.

If the Notes are not sold (“*collocati*”) in Italy and payments of proceeds on the Notes are not received through an entrusted Italian resident bank or financial intermediary that intervenes in the collection of payments on the Notes, in the repurchase or in the transfer of the Notes, and as such no “entrance” withholding tax is required to be levied, the subjects indicated above under (i) to (v) will be required to report the payments of proceeds on the Notes in their yearly income tax return and subject them to a final substitute tax at a rate of 27 per cent. The individual beneficial owners may elect instead to pay ordinary personal income tax at the progressive rates applicable to them in respect of the payments: if so, the beneficial owners should generally benefit from a tax credit for withholding taxes applied outside Italy, if any.

In case of Italian resident beneficial owners who are corporate entities, payments received on the Notes will not be subject to any “entrance” withholding tax and will form part of their aggregate taxable business income (and, in certain cases, depending on the status of the Noteholders, may also be included in the taxable net value of production subject to regional tax on productive activities - IRAP) subject to tax in Italy according to the ordinary tax provisions. A tax credit for withholding taxes applied outside Italy, if any, should be generally available.

Under current Italian tax law and practise, payments on the Notes to beneficial owners who are not resident of Italy for tax purposes, without a permanent establishment in Italy to which the Notes are effectively connected, should not be subject to any Italian withholding or substitute tax.

Capital gains from the sale of Notes

Capital gains realised by resident investors

Italian law, Article 67, paragraph 1 e-ter of Presidential Decree No. 917 and Article 68 of 22 December 1986, as amended by Legislative Decree No. 344/2003, provides for different systems governing the taxation of capital gains realised on the sale or redemption of Notes (i) by Italian resident private individuals holding Notes not in connection with entrepreneurial activity (unless they have entrusted the management of their financial assets, including the Notes, to an Italian authorised financial intermediary and have opted for the Asset Management Option) and non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected and (ii) by Italian resident corporations. Special rules apply to Italian collective investment funds, SICAVs, pension funds and real estate investment funds.

Italian resident individual investors

Capital gains arising from the sale, redemption or prepayment of Notes, not earned by business enterprises and which do not constitute income from capital, are subject to 12.5 per cent. substitutive tax. This tax is

levied on the difference between earnings from the sale, redemption or prepayment of Notes and the cost of purchase subjected to taxation, plus related charges but excluding interest payable. Under the tax declaration regime (the *regime della dichiarazione*) which is the standard regime for taxation of capital gains realised by Italian resident individuals holding Notes not in connection with entrepreneurial activity, the 12.5 per cent. substitutive tax on capital gains will be chargeable on a cumulative basis on all capital gains, net of any incurred capital loss, realised by Italian resident individuals holding Notes not in connection with entrepreneurial activity pursuant to all disposals of Notes carried out during any given tax year, and Italian resident individuals must report overall capital gains realised in any tax year, net of any incurred capital loss, in the annual tax declaration to be filed with the Italian tax authorities for such year and pay the 12.5 per cent. substitutive tax on such gains together with any balance income tax due for such year.

Different rules apply if the Notes (i) are in a portfolio managed by an Italian authorized intermediary on a discretionary basis and the individual investors opt for the Asset Management Option, or (ii) are deposited for safekeeping and administration with an authorized intermediary and the individual investors opt for the *risparmio amministrato* regime provided for by Article 6 of Decree No. 461 (“*Risparmio Amministrato*”).

Italian resident corporations

Capital gains and losses realised on sales or redemption of Notes by Italian resident corporations are included in the computation of their taxable business income (and, in certain cases, may also be included in the taxable net value of production subject to regional tax on productive activities - IRAP), subject to tax in Italy according to the relevant tax provisions.

If the Notes have been recorded by Italian resident corporations as investment securities for at least three years in their accounts, gains from the sale thereof, defined as the difference between the selling price and the purchase price as recognised for tax purposes, may, upon election, be included in the computation of the taxable business income of the corporations in equal fixed instalments over five tax years, starting from that in which the sale took place.

Non-Italian resident investors

In principle, capital gains realised by non-Italian resident private individuals and business enterprises without any permanent establishment in Italy to which the Notes are effectively connected upon sale, redemption or prepayment of Notes may be taxable in Italy if the Notes are held in Italy.

In case capital gains realised on disposal of Notes by non-Italian resident investors are taxable in Italy, taxation of such capital gains is subject to the same rules as those set out above, which apply to Italian resident private individuals.

However, Decree No. 461 and Legislative Decree No. 259 of 21 July 1999, provide for an exemption from Italian substitutive tax on capital gains for Noteholders (either individuals or corporations) who are not resident in Italy for tax purposes and do not have a permanent establishment in Italy to which the Notes are effectively connected, in respect of capital gains realised on sale, redemption or prepayment of Notes listed on a regulated market, in Italy or abroad, even though the Notes are held in Italy and regardless of the provisions of any applicable double tax treaty. Such regime applies also to Noteholders who are resident for tax purposes in a country with a favourable tax regime (*a regime fiscale privilegiato*), since pursuant to Article 23. letter (f), number (2) of Presidential Decree No. 917 of 22 December 1986, such capital gains are deemed not to be realised in Italy. In relation to non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected who hold Notes in Italy with an Italian authorised financial intermediary and are subject to the *Risparmio Amministrato* regime, this exemption from Italian capital gains tax applies upon condition that they promptly file with the Italian authorised financial intermediary a self-declaration not to be resident in Italy for tax purposes.

Moreover, pursuant to Decree No. 461, any capital gains realised upon disposal of Notes not listed on a regulated market shall not be taxable in Italy (even though the Notes disposed of are held in Italy), if realised by non-Italian residents (either individuals or corporations) with no permanent establishment in Italy to which the Notes are effectively connected who (i) are resident, for tax purposes, in a country which recognises the Italian fiscal authorities’ right to an adequate exchange of information and (ii) are not resident, for tax purposes, in tax haven countries included in the black list referred to in Article 110, paragraph 10, of Presidential Decree of 22 December 1986, No. 917, identified by Ministerial Decree of 23 January 2002. In relation to non-Italian residents without a permanent establishment in Italy to which the Notes are

effectively connected, who hold Notes in Italy with an Italian authorised financial intermediary and are subject to the *Risparmio Amministrato regime*, this exemption from Italian substitutive tax on capital gains applies upon condition that they promptly file with the Italian authorised financial intermediary a self-declaration stating that the conditions indicated above under (i) and (ii) are met. The same exemption applies in case the beneficial owners of the Notes are (i) international entities or organisations established in accordance with international agreements ratified by Italy; (ii) certain foreign institutional investors established in countries which allow for an adequate exchange of information with Italy; or (iii) central banks or entities which manage, *inter alia*, the official reserves of a foreign state.

Exemption from Italian substitutive tax on capital gains also applies to (a) international bodies and organisations established in accordance with international agreements ratified in Italy; (b) foreign institutional investors not subject to income tax or to other similar taxes, established in countries which meet the requirements indicated here above under (i) and (ii) and (c) Central Banks of countries not included in the black list identified by Ministerial Decree of 23 January 2002.

In addition, the provisions of Decree No. 461 do not preclude the application of any more favourable provisions of a double tax treaty entered into by Italy. In accordance with the OECD model, the majority of double tax treaties entered into by Italy provide that capital gains realised upon the disposal of securities are subject to taxation on capital gains only in the country of residence of the seller

Therefore, if a foreign selling Noteholder (i) is resident, for tax purposes, in a country with which Italy has a double tax treaty and the provisions relating to taxation of capital gains comply with the OECD model and (ii) is fully eligible for the benefits under such a treaty, then any capital gains realised upon disposal of Notes will not be subject to Italian substitutive tax on capital gains pursuant to the provisions of the applicable double tax treaty. Non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected who hold Notes in Italy with an Italian authorised financial intermediary and are subject to the *Risparmio Amministrato regime*, may be required to promptly provide appropriate documentation (including a certificate of residence issued by the tax authorities of their country of residence) establishing that the above mentioned conditions of non-taxability of capital gains realised pursuant to the applicable double tax treaty have been satisfied, in order to be exempted from Italian substitutive tax on capital gains under the applicable double tax treaty.

The *Risparmio Amministrato* is the ordinary regime automatically applicable to non-resident persons and entities relating to Notes deposited for safekeeping or administration at Italian banks, SIMs (Società di Intermediazione Mobiliare) and other eligible persons or entities, but non-resident Noteholders retain the right to waive this regime by means of the appointment of an authorised tax representative. Such waiver may also be exercised by non-resident intermediaries in respect of safekeeping, administration and deposit accounts held in their names in which third parties' financial assets are held.

Payments under the Guarantee

There is no authority directly on point regarding the Italian tax regime of payments made by the Guarantor under the Guarantee. Accordingly, there can be no assurance that the Italian Revenue Authorities will not assert an alternative treatment of such payments than that set forth herein or that the Italian court would not sustain such an alternative treatment.

In accordance with one interpretation of Italian Fiscal Law, payments by the Guarantor to beneficial owners of Notes under the Guarantee should be treated as payments by the relevant Issuer and subject to the same tax treatment as payments by the relevant Issuer described above in the paragraphs "*Tax on interest premiums and other proceeds*" and "*Notes redeemable below par*".

In accordance with another interpretation of Italian fiscal law, payments by the Guarantor to beneficial owners of Notes under the Guarantee may be subject in certain circumstances to Italian withholding tax at a rate of 12.5 per cent., final or on account, depending on the status of the beneficial owners, pursuant to Article 26, paragraph 5, of Presidential Decree No. 600 of 29 September 1973. In case of beneficial owners which are non resident of Italy for tax purposes, the withholding tax should be final and should be applied at the rate of 27 per cent. if payments are made by the Guarantor under the Guarantee to non-Italian resident beneficial owners which are resident for tax purposes in certain tax haven countries identified by Ministerial Decree of 23 January 2002. Double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding.

Tax monitoring obligations

Italian resident individuals holding Notes not in connection with entrepreneurial activity will be required to report in their yearly income tax return, for tax monitoring purposes:

- the amount of Notes held at the end of each tax year, if exceeding in the aggregate Euro 12,500;
- the amount of any transfers from abroad, towards abroad and occurred abroad, related to the Notes, occurred during each tax year, if exceeding in the aggregate Euro 12,500. This also in the case that the end of the tax year the Notes are no longer held by Italian individuals.

Italian individuals will however not be required to comply with the above reporting requirements in respect of Notes deposited for management with qualified Italian financial intermediaries and in respect of contracts entered into through their intervention, upon condition that the items of income derived from the Notes are collected through the intervention of the same intermediaries

(C) General Provisions applicable to both Mediobanca and Mediobanca International Issues

Transfer tax

Legislative Decree No. 435/97 of 21 November 1997 governs the application of taxation of securities transfer contracts, with Italian transfer tax being in general applicable as follows in relation to transfer of Notes by or to Italian residents:

- (i) Euro 0.0826 for every Euro 51.65 (or fraction thereof) of the price at which the Notes are transferred, when the transfer is effected between private subjects directly or through an intermediary other than a bank or other authorized intermediaries governed by Legislative Decree No. 415 of 23 July 1996 (“**Decree No. 415**”), as superseded by Legislative Decree 24 February 1998, No. 58 as amended, or stock broker;
- (ii) Euro 0.00465 for every Euro 51.65 (or fraction thereof) of the price at which the Notes are transferred, when the transfer is effected (i) between private subjects and banks or other authorized intermediaries governed by Decree No. 415, as superseded by Legislative Decree 24 February 1998, No. 58 as amended, or stock brokers, or (ii) between private subjects through such intermediaries;
- (iii) Euro 0.00465 for every Euro 51.65 (or fraction thereof) of the price at which the Notes are transferred, when the transfer is effected between banks, stockbrokers or other authorized intermediaries governed by Decree No. 415, as superseded by Legislative Decree 24 February 1998, No. 58 as amended.

However, in the cases indicated above under (ii) and (iii), the amount of applicable transfer tax may not exceed Euro 929.62 for each transaction.

Transfer tax is not applicable, *inter alia*, in the following cases:

- (i) contracts entered into in regulated markets governing the transfer of listed securities, including contracts entered into by an authorized intermediary with its clients;
- (ii) off-market transactions involving securities quoted on a regulated market, provided such transactions take place:
 - (a) between banks, stockbrokers or other authorized intermediaries governed by Decree No. 415, as superseded by Legislative Decree 24 February 1998, No. 58 as amended;
 - (b) between such authorized intermediaries and non-residents;
 - (c) between such authorized intermediaries and undertakings for collective investment of savings income;
- (iii) contracts covering unlisted securities between non-residents and banks, stockbrokers or other authorized intermediaries governed by Decree No. 415, as superseded by Legislative Decree 24 February 1998, No. 58 as amended; and
- (iv) contracts covering public sale offers (*offerte pubbliche di vendita*) of securities aimed at listing the securities on regulated markets or involving financial instalments already listed on regulated markets.

Tax on inheritances and donations

According to Law No. 383 of 18 October 2001 (“**Law No. 383**”), Italian inheritance and gift tax, previously payable on transfer of securities on death or by gift, has been abolished as of 25 October 2001.

However, according to the current literal interpretation of Law No. 383, for donees other than spouses, direct descendants or ancestors and other relatives within the fourth degree, if and to the extent that the value of the gift to any such donee exceeds Euro 180,759.91 the gift of notes may be subject to the ordinary transfer taxes that would apply if the notes had been transferred for consideration.

Moreover, an anti-avoidance rule is provided by Law No. 383 for any gift of assets (such as notes) which, if sold for consideration, would give rise to capital gains subject to Italian substitutive tax on capital gains.

In particular, if the donee sells shares for consideration within 5 year from the receipt thereof as gift, the donee will be required to pay the relevant Italian substitutive tax on capital gains, where applicable, as if the gift has never taken place.

(D) EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “**Directive**”), 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 other similar income paid or attributed by a person within its jurisdiction to, or collected by such a person (in the cases foreseen by articles 4(2) and 11(5) of the Directive) for, a beneficial owner who is an individual resident in that other Member State. However, for a transitional period, Austria, Belgium and Luxembourg apply a withholding tax system on interest income instead of exchanging such information. Such withholding tax is levied at a rate of 15 per cent., which shall gradually increase up to 35 per cent. over the course of the transitional period. The member states which withhold amounts at source transfer 75 per cent. to the member state in which the effective beneficiary of the interest is resident. The beneficiary of the interest payments may avoid the imposition of withholding tax by specifically authorising the exchange of information. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also with effect from 1 July 2005, a number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual residual in one of those territories.

GENERAL INFORMATION

- (1) Application has been made to the CSSF to approve this Base Prospectus as a base prospectus. Application has also been made for Notes issued under the Programme to be listed and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and, in connection therewith, the Luxembourg Stock Exchange has assigned the following registration numbers to the Programme for each Base Prospectus: 12057 for Mediobanca; and 13299 for Mediobanca International.

However, Notes may be issued pursuant to the Programme which will not be listed or admitted to trading on the Luxembourg Stock Exchange or any other stock exchange or which will be listed or admitted to trading on such stock exchange as the Issuers and the relevant Dealer(s) may agree.

The CSSF may, at the request of the relevant Issuer, send to the competent authority of another European Economic Area Member State: (i) a copy of this Base Prospectus; (ii) an Attestation Certificate; and (iii) if so required by such competent authority, a translation of the Summary set out on pages 6 to 11 of this Base Prospectus.

- (2) Each Issuer and the Guarantor have obtained all necessary consents, approvals and authorisations in Luxembourg and the Republic of Italy in connection with the establishment of the Programme and the issue and performance of the Notes and the guarantee relating to them. The establishment of the Programme and the issue of the Notes was authorised under the terms of resolutions of the Board of Directors of Mediobanca passed on 29 October 2001, 18 March 2002, 14 May 2003, 28 October 2003, 13 May 2004 and by a resolution adopted by the Executive Committee of Mediobanca passed on 27 March 1998, 29 October 2001 and 13 May 2005 and by resolutions of the Board of Directors of Mediobanca International passed on 27 January 1998, 17 May 2002, 8 May 2003, 6 May 2004 and 21 December 2005. The giving of the guarantee relating to the relevant Notes by the Guarantor was authorised by resolutions adopted by the Executive Committee of the Guarantor passed on 27 March 1998, 29 October 2001 and 13 May 2005.
- (3) The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.
- (4) Save as disclosed in this Base Prospectus, Mediobanca International (where Mediobanca International is the Issuer) is not and none of Mediobanca and its consolidated subsidiaries (where Mediobanca is the Issuer or the Guarantor) is or has been involved in any governmental, legal, arbitration or administrative proceedings in the 12 months preceding the date of this document relating to claims or amounts which may have, or have had in the recent past, a significant effect on the Group's financial position or profitability and, so far as Mediobanca or, as the case may be, Mediobanca International is aware, no such litigation, arbitration or administrative proceedings are pending or threatened.
- (5) There are no legal or arbitration actions, suits or proceedings against or affecting any of the Issuers or the Guarantor or any of the Group which, if determined adversely to each Issuer, the Guarantor or the Group, may have, or have had during the 12 months prior to the date hereof individually or in the aggregate, a significant effect on the financial position of either the Issuers or the Guarantor and, to the best of the knowledge of the Issuers or the Guarantor, no such actions, suits or proceedings are threatened or contemplated.
- (6) Save as disclosed in this Base Prospectus, neither Mediobanca nor Mediobanca International nor any of Mediobanca's subsidiaries has entered into any contracts in the last two years outside the ordinary course of business that have been or may reasonably be expected to be material to such Issuer's ability to meet its obligations to Noteholders.
- (7) Save as disclosed in this Base Prospectus, since 30 June 2005, there has been no material adverse change in the financial or other position or prospects of either of the Issuers, the Guarantor or the Group.
- (8) Notes will be accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code and the International Securities Identification Number (ISIN) for each Series of Notes will be set out in the relevant Final Terms.
- (9) For so long as the Programme remains in effect or any Notes remain outstanding, the following documents will be available, and in the case of paragraphs (vi), (vii), (viii) and (ix) below, may be obtained free of charge during usual business hours on any weekday (Saturdays and public holidays

excepted), for inspection at the office of the Fiscal Agent and each of the Paying Agents:

- (i) the Fiscal Agency Agreement (which includes the form of the Global Notes, the definitive Notes, the Coupons, the Receipts and the Talons);
 - (ii) the Dealership Agreement;
 - (iii) the Deed of Covenant dated 30 December 2005 executed by Mediobanca and the Deed of Covenant dated 30 December 2005 executed by Mediobanca International;
 - (iv) the Deed of Guarantee dated 30 December 2005;
 - (v) the By-laws (*Statuto*) of Mediobanca and the By-laws of Mediobanca International;
 - (vi) the published annual financial statements of Mediobanca International for the two years ended 30 June 2004 and 2005;
 - (vii) the consolidated financial statements of Mediobanca for the two years ended 30 June 2004 and 2005 and the unaudited consolidated quarterly financial statements of Mediobanca for the nine months ended 30 September 2005;
 - (viii) Final Terms for Notes which are listed on the Luxembourg Stock Exchange or any other stock exchange; and
 - (ix) a copy of this Base Prospectus together with any Supplement to this Base Prospectus or further Base Prospectus.
- (10) Copies of the latest annual consolidated financial statements of Mediobanca and annual financial statements of Mediobanca International, unaudited consolidated interim financial statements of Mediobanca, unaudited consolidated quarterly financial statements of Mediobanca and the latest semi-annual interim financial statements of Mediobanca International (if published), may be obtained at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.
- (11) The financial statements of Mediobanca and the financial statements and cash flow statements of Mediobanca International as at and for the year ended 30 June 2005 and the accompanying audit reports prepared by Reconta Ernst & Young S.p.A. and Ernst & Young, respectively, are incorporated by reference in this Base Prospectus. The financial statements of Mediobanca and the financial statements and cash flow statements of Mediobanca International as at and for the year ended 30 June 2005 have been audited by Reconta Ernst & Young S.p.A. and Ernst & Young, independent auditors to Mediobanca and Mediobanca International for the financial year ended 30 June 2005, respectively.
- (12) The Issuers do not intend to provide any post-issuance information in relation to any assets underlying issues of Notes constituting derivative securities.
- (13) The Notes 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 Notes allocated by Euroclear and Clearstream, Luxembourg 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.
- (14) The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

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REGISTERED OFFICE

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ARRANGER

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British West Indies

AUDITORS TO MEDIOBANCA - BANCA DI CREDITO FINANZIARIO S.p.A.

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FISCAL AGENT, PRINCIPAL PAYING AGENT AND CALCULATION AGENT

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