

case subparagraph (a) above shall apply. If Seller elects to accept delivery of the Delivered Securities, the Transaction shall be terminated and Buyer and Seller shall be deemed to enter into a new Transaction in respect of the Undelivered Securities in accordance with the provisions of subparagraph (e) below.

- (e) Where this paragraph applies, the Transaction (the "Terminated Transaction") shall be terminated. Upon such termination, Buyer shall transfer to Seller or its agent the Delivered Securities against payment by Seller of the proportion of the Repurchase Price which corresponds to the Delivered Securities and the parties shall be deemed to enter into a new Transaction on the following terms-
- (i) the Purchase Date under the new Transaction shall be the Repurchase Date under the Terminated Transaction;
 - (ii) the Purchased Securities under the new Transaction shall be Securities equivalent to the Undelivered Securities;
 - (iii) the Purchase Price under the new Transaction shall be the Market Value of the Undelivered Securities at the Purchase Date under the new Transaction as determined by Seller;
 - (iv) the Repurchase Date under the new Transaction shall be the Business Day following the Purchase Date under the new Transaction;
 - (v) the Pricing Rate under the new Transaction shall, unless otherwise agreed, be minus five per cent.;
 - (vi) the Margin Ratio and, subject as aforesaid, the other terms of the new Transaction shall, unless otherwise agreed, be identical to those of the Terminated Transaction; and
 - (vii) the obligations of the parties with respect to the delivery of the Undelivered Securities and the payment of that part of the Repurchase Price which corresponds to the Undelivered Securities under the Terminated Transaction shall be set off against their obligations with respect to the delivery of the Purchased Securities and the payment of the Purchase Price under the new Transaction and accordingly only a net cash sum shall be paid by Seller to Buyer. If such net sum is payable by Seller to Buyer, that sum shall be payable on the Repurchase Date under the new Transaction.

5. Withholding Tax

- (a) Transactions in Domestic Purchased Securities between an Italian resident and a counterparty which is not resident in Italy for Italian tax purposes (but excluding the foreign branches of entities incorporated in Italy) where the non-Italian party is Buyer, are subject to the then applicable withholding tax in accordance with the following formula which provides the adjustment of the originally agreed Pricing Rate (such adjustment expressed as a percentage, the "Pricing Rate Adjustment") in such a manner which reduces the Pricing Rate by a percentage equal to the relevant applicable withholding tax rate on any capital gains realised on the relevant Domestic Purchased Securities unless otherwise provided in any applicable tax treaty.

Pricing Rate Adjustment = $(Pssnt - Pssnp) \times Awtr \times (360/gg) \times (100/Pssnp)$

Pssnt = Prezzo supersecco netto a termine (Sell Back Price net of accrued interest and matured original issue discount)

Pssnp = Prezzo supersecco netto a pronti (Purchase price net of accrued interest and matured original issue discount)

Awtr = Tasso della ritenuta d'imposta applicabile (Applicable withholding tax rate)

gg = giorni di durata della Transaction number of days in the Transaction (excluding the Purchase Date and including the Repurchase Date).

To the extent that the withholding tax referred to above is applicable to Buyer and Seller is required to pay the amount of such withholding tax to the Italian tax authorities, Seller shall be