CONFIDENTIAL
OFFERING MEMORANDUM

NOT FOR GENERAL DISTRIBUTION
IN THE UNITED STATES

€200,000,000

gamenet

Gamenet S.p.A.

7.25% Senior Secured Notes due 2018

secured on a first ranking basis by a pledge over certain shares and warrants of the Issuer

NOTES

- Gamenet S.p.A., a joint stock company established under the laws of the Republic of Italy (the "**Issuer**"), is offering €200,000,000 aggregate principal amount of its 7.25% Senior Secured Notes due 2018 (the "**Notes**").
- The Issuer will pay interest on the Notes semi-annually in arrears on February 1 and August 1 of each year, commencing on February 1, 2014. The Notes will mature on August 1, 2018.

REDEMPTION AND REPURCHASE

- At any time prior to August 1, 2015, the Issuer will be entitled, at its option, to redeem all or a portion of the Notes upon not less than 30 nor more than 60 days' notice by paying a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, plus the relevant "make-whole" premium.
- In addition, at any time prior to August 1, 2015, the Issuer may redeem up to 40% of the aggregate principal amount of the Notes with the net proceeds from certain equity offerings. At any time on or after August 1, 2015, the Issuer may redeem all or a portion of the Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices set forth in this offering memorandum.
- Upon the occurrence of certain events constituting a change of control, the Issuer may be required to make an offer to purchase the Notes. In the event of certain developments affecting taxation, the Issuer may redeem all, but not less than all, of the Notes.

RANKING AND SECURITY

- The Notes will be senior obligations of the Issuer. The Notes will rank equally in right of payment with all existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes and will be senior in right of payment to all existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes.
- The Notes will be secured on a first-ranking basis by pledges over 70.0% of the shares of capital stock of the Issuer and over warrants representing the right to acquire an additional 21.1% of the share capital of the Issuer on a fully diluted basis (the "**Collateral**"). See "*Description of the Notes*".
- The Collateral will be subject to legal and contractual limitations. See "*Risk factors—Risks Related to the Notes—The security interests in the Collateral may be restricted by Italian law*" and "*Limitations on validity and enforceability of the security interests and certain insolvency law considerations*". The Notes and the security interests over the Collateral will also be subject to restrictions on enforcement and other limitations under applicable laws and may be released under certain circumstances.
- Subject to and as set forth in "*Description of the Notes—Withholding Taxes*", the Issuer will not be liable to pay any additional amounts to holders of the Notes in relation to any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (as the same may be amended or supplemented from time to time) where the Notes are held by a person resident in a country that does not allow for satisfactory exchange of information with Italy (as per article 168-*bis*, Italian Presidential Decree No. 917 of December 22, 1986) and otherwise in the circumstances as described in "*Description of the Notes—Withholding Taxes*".

OFFERING

- This offering memorandum includes information on the terms of the Notes, including redemption and repurchase prices, covenants and transfer restrictions.
- There is currently no public market for the Notes. Application has been made to the Luxembourg Stock Exchange in its capacity as market operator of Euro MTF market under the Luxembourg act relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) for the Notes to be admitted to trading on the Luxembourg Stock Exchange's Euro MTF Market and to be listed on the Official List of the Luxembourg Stock Exchange upon their issuance. There is no assurance that the Notes will be listed and admitted to trading on the Euro MTF Market.
- References in this offering memorandum to Notes being "**listed**" (and all related references) shall mean that the Notes have been admitted to trading on the Euro MTF Market and are intended to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's Euro MTF Market is not a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC). In addition, application has been made to Borsa Italiana S.p.A. for listing of the Notes on the ExtraMOT, Professional Segment upon their issuance.
- This offering memorandum does not constitute an offer to sell, or the solicitation of an offer to buy, securities in any jurisdiction where such offer or solicitation is unlawful. The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any other jurisdiction. Unless they are registered, the Notes may be offered only in transactions that are exempt from registration under the U.S. Securities Act or the securities laws of any other jurisdiction. Accordingly, the Issuer is offering the Notes only (i) to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act ("**Rule 144A**")) ("**QIBs**") in reliance on Rule 144A and (ii) to non-U.S. persons outside the United States in offshore transactions (as defined in Regulation S) in reliance on Regulation S. For a description of certain restrictions on the transfer of the Notes, see "*Plan of distribution*" and "*Transfer restrictions*".

Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 24.

PRICE: 100.0% PLUS ACCRUED INTEREST FROM THE ISSUE DATE.

We expect that the Notes will be delivered in book-entry form through Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream**") on or about August 1, 2013.

Joint Global Coordinators and Joint Bookrunners

UBS Investment Bank **Credit Suisse**

Joint Bookrunners

UniCredit Bank **Banca IMI**

The date of this offering memorandum is July 25, 2013.

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Important information for investors

We accept responsibility for the information contained in this offering memorandum and, to the best of our knowledge (having taken reasonable care to ensure that such is the case), the information is true and accurate in all material respects and contains no omission likely to affect the import of such information. As used in this offering memorandum, unless the context otherwise requires, references to the "Issuer" are to Gamenet S.p.A. and references to "Gamenet", "we", "us", "our", the "Group" and the "Gamenet Group" are to the Issuer and its consolidated subsidiaries.

This document does not constitute a prospectus for the purposes of Section 12(a)(2) of or any other provision of or rule under the U.S. Securities Act.

You should rely only on the information contained in this offering memorandum. We have not, UBS Limited, Credit Suisse Securities (Europe) Limited, UniCredit Bank AG and Banca IMI S.p.A. (the "**Initial Purchasers**") have not, authorized anyone to provide you with information that is different from the information contained herein. We are not, and the Initial Purchasers are not, making an offer of these securities in any jurisdiction where such offer is not permitted. You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front of this offering memorandum. This offering memorandum is based on information provided by us and other sources believed by us to be reliable. The Initial Purchasers are not responsible for, and are not making any representation or warranty to you concerning, our future performance or the accuracy or completeness of this offering memorandum.

This offering memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Notes may not be offered or sold, directly or indirectly, and this offering memorandum may not be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the Notes or possess or distribute this offering memorandum and you must obtain all applicable consents and approvals; neither we nor the Initial Purchasers shall have any responsibility for any of the foregoing legal requirements. Please see "*Transfer restrictions*".

In making an investment decision regarding the Notes offered hereby, you must rely on your own examination of the Issuer and the terms of this Offering, including the merits and risks involved. You should rely only on the information contained in this offering memorandum. We have not, and the Initial Purchasers have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this offering memorandum is accurate as of the date on the front cover of this offering memorandum only. Our business, financial condition, results of operations and the information set forth in this offering memorandum may have changed since that date.

You should not consider any information in this offering memorandum to be investment, legal or tax advice. You should consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding purchasing the Notes. We are not, and the Initial Purchasers are not, making any representation to any offeree or purchaser of the Notes regarding the legality of an investment in the Notes by such offeree or purchaser under appropriate investment or similar laws. This offering memorandum is to be used only for the purposes for which it has been published.

We obtained the market data used in this offering memorandum from internal surveys, industry sources and currently available information. Although we believe that our sources are reliable, you should keep in mind that we have not independently verified information we have obtained from industry and governmental sources and that information from our internal surveys has not been verified by any independent sources. See "*Market and industry data*".

The contents of our website do not form any part of this offering memorandum.

We may withdraw this Offering at any time, and we and the Initial Purchasers reserve the right to reject any offer to purchase the Notes in whole or in part and to sell to any prospective investor less than the full amount of the Notes sought by such investor. The Initial Purchasers and certain related entities may acquire a portion of the Notes for their own accounts.

The application we made to the Luxembourg Stock Exchange for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's Euro MTF Market upon their issuance may not be approved as of the settlement date for the Notes or at any time thereafter, and settlement of the Notes is not conditioned on obtaining this listing and admission to trading. In addition, the application we made to Borsa Italiana S.p.A. for the Notes to be listed on the ExtraMOT, Professional Segment upon their Issuance may not be approved as of the settlement date for the Notes or at any time thereafter, and settlement of the Notes is not conditioned on obtaining the listing on the ExtraMOT, Professional Segment.

The Notes have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

The Notes are being offered and sold outside the United States in reliance on Regulation S and within the United States to "qualified institutional buyers" ("**QIBs**") in reliance on Rule 144A of the U.S. Securities Act ("**Rule 144A**"). Prospective purchasers are hereby notified that the sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. For a description of these and certain other restrictions on offers, sales and transfers of the Notes and the distribution of this offering memorandum, see "*Transfer restrictions*".

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "SEC"), any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Offering of the Notes or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense in the United States.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and applicable state securities laws pursuant to registration thereunder or exemption therefrom. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

The information set out in relation to sections of this offering memorandum describing clearing and settlement arrangements, including "*Description of the Notes*" and "*Book-entry, delivery and form*", is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream Banking currently in effect. While we accept responsibility for accurately summarizing the information concerning Euroclear and Clearstream Banking, we accept no further responsibility in respect of such information.

The distribution of this offering memorandum and the offer and sale of the Notes may be restricted by law in certain jurisdictions. You must inform yourself about, and observe, any such restrictions. See "*Notice to New Hampshire residents*", "*Notice to certain European investors*", "*Plan of distribution*" and "*Transfer restrictions*" elsewhere in this offering memorandum. You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the Notes or possess or distribute this offering memorandum and must obtain any consent, approval or permission required for your purchase, offer or sale of the Notes under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. We are not, and the Initial Purchasers are not, making an offer to sell the Notes or a solicitation of an offer to buy any of the Notes to any person in any jurisdiction except where such an offer or solicitation is permitted.

IN CONNECTION WITH THIS OFFERING, UBS LIMITED (THE "STABILIZING MANAGER") (OR AFFILIATES ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR AFFILIATES ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZING ACTION. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

Notice to New Hampshire residents

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

Notice to certain European investors

EUROPEAN ECONOMIC AREA

This offering memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under Article 3 of Directive 2003/71/EC (the "**Prospectus Directive**"), as implemented in member states of the European Economic Area (the "**EEA**"), from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for us or any of the Initial Purchasers to produce a prospectus for such offer. Neither we nor the Initial Purchasers have authorized, nor do they authorize, the making of any offer of Notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute the final placement of the Notes contemplated in this offering memorandum.

In relation to each Member State of the EEA that has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**"), the offer is not being made and will not be made to the public of any Notes which are the subject of the Offering contemplated by this offering memorandum in that Relevant Member State, other than: (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive; (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, national or legal persons (other than qualified investors as defined in the Prospectus Directive, subject to obtaining the prior consent of the relevant Initial Purchaser or the Issuer for any such offer) or (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of the Notes shall require us or the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive. For the purposes of this provision, the expression an "offer of Notes to the public" in relation to the 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 Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EU and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU (and any amendments thereto, to the extent implemented in the Relevant Member State).

UNITED KINGDOM

The explicable provisions of the United Kingdom Financial Services and Markets Act 2000 (the "**FSMA**") must be complied with in respect of anything done in relation to the Notes in, from or otherwise involving the United Kingdom. This offering memorandum is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, (the "**Financial Promotion Order**"), (ii) are persons falling within Article 49(2)(a) to (d) (high net-worth companies, unincorporated associations, etc.) of the Financial Promotion Order or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("**FSMA**")) in connection with the issue or sale of any Notes may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The Notes are being offered solely to "**qualified investors**" as defined in the Prospectus Directive and accordingly the offer of Notes is not subject to the obligation to publish a prospectus within the meaning of the Prospectus Directive.

ITALY

The Offering has not been cleared by the Commissione Nazionale per la Società e la Borsa ("**CONSOB**") (the Italian securities exchange commission), pursuant to Italian securities legislation. Accordingly, no Notes may be offered, sold or delivered, directly or indirectly nor may copies of this offering memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except (a) to qualified investors (*investitori qualificati*) as defined in Article 26, first paragraph, letter (d) of CONSOB Regulation No. 16190 of October 29, 2007, as amended ("**Regulation No. 16190**"), pursuant to Article 34- ter, first paragraph letter (b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended (the "**Issuer Regulation**"), implementing Article 100 of Legislative Decree No. 58 of February 24, 1998, as amended (the "**Financial Services Act**"); and (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and the implemented CONSOB regulations, including the Issuer Regulation. Each Initial Purchaser has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of this offering memorandum or of any other document relating to the Notes in the Republic of Italy will be carried out in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of this offering memorandum or any other document relating to the Notes in the Republic of Italy according to the provisions above must be:

(a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of September 1, 1993, Regulation No. 16190 (in each case, as amended from time to time) and any other applicable laws and regulations; and

(b) in compliance with any and all other applicable laws and regulations and any other condition or limitation that may be imposed by CONSOB, the Bank of Italy or any other relevant Italian authorities.

For selling restrictions in respect of Italy, see also "*Notice to certain European investors—European Economic Area*" above.

Certain definitions

Unless otherwise specified or the context requires otherwise, in this offering memorandum:

- "**AAMS**" refers to the Agenzia delle Dogane e dei Monopoli, formerly the Amministrazione Autonoma dei Monopoli di Stato, the Italian gaming regulatory authority;
- "**ADM**" refers to Agenzie delle Dogane e dei Monopoli;
- "**AWP**" refers to slot machine or amusement with prize machine;
- "**bet**" refers to the total amount of wagers collected from customers in the gaming industry;
- "**betting corners**" refers to venues primarily dedicated to activities other than gaming and betting, such as newsstands, bars and tobacco shops;
- "**betting shops**" refers to venues dedicated to gaming and betting;
- "**Clearstream**" refers to Clearstream Banking, société anonyme;
- "**Collateral**" refers to the pledges over approximately 70.0% of the shares of capital stock of the Issuer and over warrants representing the right to acquire an additional 21.1% of the share capital of the Issuer on a fully diluted basis that will secure the Notes;
- "**concession**" or "concessions" refer to the concession agreements and rights awarded by AAMS to operate our VLT, AWP, Betting and Online businesses, as the case may be;
- "**Contribution Margin**" refers to the total revenues and income of the relevant business activity net of distribution network costs and other direct costs, which are directly attributable to the operations of the relevant business activity, before the intercompany eliminations. Contribution Margin excludes indirect costs, which are related to overhead and general costs incurred for the overall operations of the Group;
- "**Euroclear**" refers to Euroclear Bank SA/NV;
- "**EU**" refers to the European Union;
- "**Existing Senior Secured Credit Facility**" refers to the senior secured credit facility under the Existing Senior Secured Credit Facility Agreement;
- "**Existing Senior Secured Credit Facility Agreement**" refers to the senior secured credit facility agreement dated as of October 30, 2009 (as amended and restated from time to time), by and among the Issuer and UniCredit Corporate Banking S.p.A. (now UniCredit S.p.A.), which will be repaid in full with part of the proceeds of the Offering;
- "**gaming**" refers collectively to gaming and betting (and "**gaming industry**" refers collectively to the gaming and betting industry);
- "**Holdco**" refers to TCP Lux Eurinvest S.à r.l., a company incorporated under the laws of the Grand Duchy of Luxembourg;
- "**IFRS**" refers to International Financial Reporting Standards as adopted by the European Union;
- "**Indenture**" refers to the indenture governing the Notes to be dated the Issue Date by and among, inter alios, the Issuer, the Trustee and the Security Agent;
- "**Issue Date**" refers to the date of original issuance of the Notes;
- "**Issuer**" refers to Gamenet S.p.A., a joint stock company established under the laws of the Republic of Italy;
- "**Italian GAAP**" means the Italian law governing the preparation of consolidated financial statements, as interpreted and integrated by the accounting principles established by the Organismo Italiano di Contabilità—OIC;
- "**Notes**" refers to the Notes offered hereby;
- "**Offering**" refers to the offering of the Notes hereby;

➤ “**Payout**” refers to the amount of bet paid out to players as winnings;

➤ “**Permitted Reorganization**” refers to certain corporate reorganization transactions which the Issuer’s shareholders may undertake in the future to insert a new direct holding company above the Issuer, including in connection with potential debt or equity capital market transactions. See “*Description of the Notes*”;

➤ “**PREU**” refers to gaming taxes imposed on VLTs and AWPs;

➤ “**Security Agent**” refers to The Law Debenture Trust Corporation p.l.c., as security agent under the Indenture;

➤ “**Security Documents**” has the meaning ascribed to the term under “*Description of the Notes—Certain Definitions*”;

➤ “**Shareholder Loans**” refers to the two subordinated shareholder loans provided to the Issuer by TCP dated as of November 30, 2010 and December 23, 2011 (as amended from time to time) to be repaid in full with part of the proceeds of the Offering;

➤ “**SOGEI**” refers to Società Generale d’Informatica S.p.A., an information and communication technology company owned by the Italian Ministry of Economy and Finance that is generally responsible for, among other things, the operation of the tax IT system;

➤ “**TCP**” means TCP Lux Eurinvest S.à r.l.;

➤ “**Transactions**” means collectively the issuance of the Notes and the use of the proceeds from the issuance of the Notes to (i) to repay amounts outstanding under the Existing Senior Secured Credit Facility and the Shareholder Loans, (ii) to pay fees and expenses in connection with the Transactions, including the Initial Purchasers’ discount and commission and the estimated expenses in respect of the Offering; and (iii) for general corporate purposes;

➤ “**Trilantic**” refers to certain funds advised or managed by Trilantic Capital Partners Management Limited;

➤ “**Trustee**” refers to The Law Debenture Trust Corporation p.l.c., in its capacity as trustee, legal representative (*Mandatario con rappresentanza*) under the Indenture and common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code;

➤ “**UniCredit Guarantee**” refers to bank guarantees issued by UniCredit on March 4, 2013, in connection with our VLT and AWP concession including: (i) a bank guarantee for up to €47,119,308.20 in favor of AAMS in order to guarantee, *inter alia*, the payment of PREU, the concession fee and the deposit due by Gamenet in favor of AAMS; and (ii) a bank guarantee for an amount up to €6,000,000.00 in favor of AAMS in order to guarantee, *inter alia*, the payment of the amounts due by Gamenet to AAMS for the release of the VLT and AWP concession, the correct functioning of the network for the online management of lawful game and compliance with the technical and infrastructural capability requirements for the duration of the concession, the terms of which have been amended in connection with the Transactions;

➤ “**United States**” or the “**U.S.**” refers to the United States of America;

➤ “**U.S. Securities Act**” refers to the U.S. Securities Act of 1933, as amended;

➤ “**VLT**” means video lottery terminal; and

➤ “**we**”, “**us**”, “**our**”, “**Gamenet Group**” and the “**Group**” refers to Gamenet S.p.A. and its consolidated subsidiaries.

Information regarding forward-looking statements

Certain statements in this offering memorandum are not historical facts and are "forward-looking" within the meaning of Section 27A of the U.S. Securities Act and Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"). This document contains certain forward-looking statements in various sections, including, without limitation, under the headings "*Summary*", "*Risk Factors*", "*Management's discussion and analysis of financial condition and results of operations*" and "*Business*", and in other sections where the offering memorandum includes statements about our intentions, beliefs or current expectations regarding our future financial results, plans, liquidity, prospects, growth, strategy and profitability, as well as the general economic conditions of the industry and country in which we operate. We may from time to time make written or oral forward-looking statements in other communications. Forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future sales or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our competitive strengths and weaknesses, our business strategy and the trends we anticipate in the industries and the economic, political and legal environment in which we operate and other information that is not historical information.

Words such as "believe", "anticipate", "estimate", "expect", "intend", "predict", "project", "could", "may", "will", "plan" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. These risks, uncertainties and other factors include, among other things, those listed under "*Risk Factors*", as well as those included elsewhere in this offering memorandum. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include:

- the existing regulatory framework and potential changes to that framework, or the introduction of more stringent laws and regulations;
- the competitive environment in which we operate, including online offerings and illegal gaming, and a changing regulatory environment that may permit more participants;
- changes in consumer preferences and behavior that could harm our business;
- our exposure to credit risk and related exposure to potential losses;
- the substantial penalties we face if we fail to perform under our concessions;
- the liberalization of or other changes in the regulatory framework that may increase the number of competitors;
- substantially all our revenues and income are derived from operations requiring concessions;
- the significant upfront cash payments and performance bonds typically required to acquire new gaming concessions;
- the obligation to transfer certain assets to regulatory authorities upon the expiration of certain concessions;
- the potential exposure to an unfavorable outcome with respect to pending litigation, which could result in substantial monetary damages;
- changes to taxation or the interpretation or application of tax laws;
- economic weakness and political uncertainty, particularly in Italy;
- our reliance on partners and retailers, as well as third party suppliers;
- negative perceptions and publicity surrounding the gaming industry;

- the need to maintain the value of our brand and address changes in online gaming and technological developments;
- our reliance on key persons and employees and satisfactory labor relations;
- our reliance on the integrity of our employees and executives and the security of our systems;
- the challenges associated with making acquisitions;
- the ability of our internal processes and systems to detect money laundering and fraud and to comply with data privacy laws and other applicable laws;
- our ability to block access to our online services by players in certain jurisdictions, to maintain the security of our information technology systems and to protect our intellectual property;
- Italian tax legislation which may restrict the deductibility of interest expense on our indebtedness;
- risks associated with our structure and the interests of our principal shareholders;
- risks associated with the Collateral, including the ability of holders of the Notes to enforce and realize the value of the Collateral; and
- limitations imposed under Italian insolvency and other laws.

This list of important factors is not exhaustive. You should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. Such forward-looking statements speak only as of the date on which they are made. Accordingly, we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

Presentation of financial information

This offering memorandum includes the audited consolidated financial statements of the Issuer as of and for the years ended December 31, 2011 and 2012 (the "**Audited Consolidated Financial Statements**") and the unaudited interim condensed consolidated financial statements of the Issuer as of March 31, 2013 and for the three months ended March 31, 2012 and 2013 (the "**Unaudited Interim Condensed Consolidated Financial Statements**"). Our management has determined not to include the financial statements as of and for the year ended December 31, 2010, as they do not believe they are indicative of our results or helpful to the investor because the business of the company has changed materially since Trilantic acquired control of the Company and the Company rolled-out its VLTs. See "*Management's discussion and analysis of financial condition and results of operations—Key Factors Affecting Our Financial Condition and Results of Operations—Group Trends—VLT*". The Audited Consolidated Financial Statements and the Unaudited Interim Condensed Consolidated Financial Statements have been prepared in accordance with Italian laws governing the preparation of consolidated financial statements, as interpreted and integrated by the accounting principles established by the *Organismo Italiano di Contabilità*—OIC ("**Italian GAAP**"). The audit opinion for the Audited Consolidated Financial Statements includes an emphasis of matter paragraph relating to our ongoing dispute with the State Court of Auditors and AAMS. See the audit opinion of PricewaterhouseCoopers S.p.A. included therein and "*Business—Legal Proceedings*". Unless otherwise indicated, all financial information contained in this offering memorandum has been prepared in accordance with Italian GAAP. Italian GAAP differs in certain respects from IFRS. For a discussion of the differences between Italian GAAP and IFRS see "*Annex A—Summary of certain differences between Italian GAAP as compared to IFRS*".

The summary financial information for the twelve months ended March 31, 2013 is calculated by taking the results of operations for the three months ended March 31, 2013 and adding to it the difference between the results of operations for the full year ended December 31, 2012 and the three months ended March 31, 2012. The financial information for the three and twelve months ended March 31, 2013 is not necessarily indicative of the results that may be expected for the year ended December 31, 2013, and should not be used as the basis for or prediction of an annualized calculation.

The information by business activity provided is based on the financial information which management use in monitoring the performance of the business and has not been prepared in accordance with Italian GAAP or any other accounting principles. In the future we may present our consolidated financial statements in accordance with IFRS, pursuant to which we may be required to present segment information. The segment information that we may be required to present in accordance with IFRS may differ from the information by business activity provided. Management believe that the information by business activity provided is useful in understanding the underlying trends of the different business activities.

The *pro forma* financial information contained in this offering memorandum has been derived by applying *pro forma* adjustments to the Issuer's historical consolidated financial statements included elsewhere in this offering memorandum. The *pro forma* financial information gives effect to the Transactions as described in "*Use of proceeds*", as though they had occurred on April 1, 2012 for the *pro forma* income statement information and on March 31, 2013 for the *pro forma* balance sheet information. The unaudited *pro forma* adjustments and the unaudited *pro forma* financial information set forth in this offering memorandum are based on available information and certain assumptions and estimates that we believe are reasonable and may differ from actual amounts. The *pro forma* financial information is for informational purposes only and does not purport to present what our results would actually have been had the Transactions occurred on the dates presented or to project our results of operations or financial position for any future period or our financial condition at any future date.

Certain numerical figures set out in this offering memorandum, including financial data presented in millions or in thousands, have been subject to rounding adjustments and, as a result, the totals of the data in the offering memorandum may vary slightly from the actual arithmetic totals of such information.

Historically, we have prepared our consolidated financial statements in accordance with Italian GAAP. We may adopt IFRS for our consolidated financial statements in future years. In the event that we adopt IFRS, the Indenture requires us to report according to such standards, and the covenant calculations will be based on the relevant standards. Because there are significant differences between Italian GAAP and IFRS, if we were to prepare our financial statements on the basis of IFRS instead of Italian GAAP, there could be substantial differences in our results of operations, cash flows and financial position, including levels of indebtedness. In addition, our covenants may become more or less restrictive from time to time, depending upon the effect of the standards we adopt. See "*Annex A: Summary of certain differences between Italian GAAP as compared to IFRS*", "*Risk Factors—Risks Related to Our Business—We have not included IFRS financial information in this offering memorandum, and there may be differences between our financial position and our results of operations prepared in accordance with Italian GAAP and IFRS*" and "*Description of the Notes*".

Use of non-gaap financial measures

Certain parts of this offering memorandum contain non-GAAP measures and ratios, including EBITDA, Adjusted EBITDA, Adjusted EBITDA margin, Capital Expenditures, Net Debt and Ratio of Adjusted EBITDA and Net Debt ("**Non-GAAP Financial Measures**").

We define EBITDA as profit for the period plus income tax, net finance expenses, impairment of financial assets, depreciation, amortization, impairments and extraordinary income/(expense) which are financial or tax related.

We define Adjusted EBITDA as EBITDA adjusted for the effect of extraordinary items related to operating activities and accruals to provisions for risks and charges.

We define Capital Expenditures as the investments for the period in property, plant and equipment and intangible assets as shown in our cash flow statements.

We define Net debt as the total consolidated debt of the Issuer, excluding amounts due under the Shareholder Loans and amounts due to other shareholders and net of cash at banks, investments in bonds and financial assets related to restricted cash in connection with concession agreements.

The Non-GAAP Financial Measures are not measurements of performance or liquidity under Italian GAAP or any other generally accepted accounting principles. Investors should not place any undue reliance on these Non-GAAP Financial Measures and should not consider these measures as: (a) an alternative to operating income or net income as determined in accordance with generally accepted accounting principles, or as measures of operating performance; (b) an alternative to cash flows from operating, investing or financing activities, as determined in accordance with generally accepted accounting principles, or as a measure of our ability to meet cash needs; or (c) an alternative to any other measures of performance under generally accepted accounting principles. These measures are not indicative of our historical operating results, nor are they meant to be predictive of future results. These measures are used by our management to monitor the underlying performance of the business and the operations. Since all companies do not calculate these measures in an identical manner, our presentation may not be consistent with similar measures used by other companies. Therefore, investors should not place undue reliance on this data.

In addition to our Non-GAAP Financial Measures, we have included other non-GAAP measures in this offering memorandum, some of which we refer to as "key performance indicators". Certain key performance indicators include bet and payout ratio. We believe that it is useful to include these other non-GAAP measures as we use them for internal performance analysis and the presentation by our business divisions of these measures facilitates comparability with other companies in our industry, although our measures may not be comparable with similar measurements presented by other companies. These other non-GAAP measures should not be considered in isolation or construed as a substitute for measures in accordance with Italian GAAP. For a description of certain of our key performance indicators, see "*Management's discussion and analysis of financial condition and results of operations—Description of Key Line Items and Certain Key Performance Indicators—Other Ratios and Measures*".

We have also included financial information related to an analysis of the profitability of our business operations and in particular "Contribution Margin" which is calculated as the total revenues and income of the relevant business activity net of distribution network costs and other direct costs. Contribution Margin excludes indirect costs which are related to overhead and general costs incurred for the overall operations of the Group. The analysis of Contribution Margin is based on the financial information which management use in monitoring the performance of the business and has not been prepared in accordance with Italian GAAP or any other accounting principles. For a description of Contribution Margin, see "*Management's discussion and analysis of financial condition and results of operations—Information by business activity*".

Market and industry data

In this offering memorandum, we rely on and refer to information regarding our business and the markets in which we operate and compete. Such data and certain industry forward-looking statements are derived from various industry and other independent sources, where available. In particular, certain information has been derived from AAMS data. The information in this offering memorandum that has been sourced from third parties has been accurately reproduced and, as far as we are aware and able to ascertain from the information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Notwithstanding the foregoing, such third party information has not been independently verified, and neither we nor the Initial Purchasers make any representation or warranty as to the accuracy or completeness of such information set forth in this offering memorandum.

In addition, certain information in this offering memorandum for which no source is given, regarding our market position relative to our competitors in the gaming industry, is not based on published statistical data or information obtained from independent third parties. Such information and statements reflect our best estimates based upon information obtained from trade and business organizations and associations and other contacts within the industries in which we compete, as well as information published by our competitors. To the extent that no source is given for information contained in this offering memorandum, or such information is identified as being our belief, that information is based on the following: (i) in respect of market share, information obtained from AAMS, trade and business organizations and associations and other contacts within the industries in which we compete and internal analysis of our sales data, and unless otherwise stated, market share is based on number of rights or licenses; (ii) in respect of industry trends, our senior management team's general business experience, as well as their experience in our industry and the local markets in which we operate; and (iii) in respect of the performance of our operations, our internal analysis of our audited and unaudited financial and other information. As some of the foregoing information was compiled or provided by our management or advisers and is not publicly available, such information accordingly may not be considered to be as independent as that provided by other third party sources.

When discussing our competitive position in Italy throughout this Offering Memorandum, we do not include B Plus because B Plus was not able to meet the terms and conditions necessary to renew its gaming machine concession in March 2013. Prior to this non-renewal, B Plus was the market leader in terms of number of VLT and AWP licenses held. AAMS has granted B Plus temporary permission on the basis of its previous concession to continue to operate its VLT and AWP machines through September 2013 and we cannot predict what will happen at the end of this period.

Tax considerations

Prospective purchasers and holders of the Notes are advised to consult their own tax advisers as to the consequences of purchasing, holding, disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes, including, without limitation, the application of U.S. Federal tax laws, Italian tax laws, the tax laws of any other country in which they are resident for tax purposes as well as any consequences to them under the laws of any other taxing jurisdiction, including in particular the effect of any state, regional or local tax laws, and the consequences of purchasing the Notes at a price other than the initial issue price in the Offering. See "*Certain tax considerations*".

Trademarks and trade names

We own or have rights to certain trademarks or trade names that we use in conjunction with the operation of our businesses. Each trademark, trade name or service mark of any other company appearing in this offering memorandum belongs to its holder.

Currency presentation and exchange rate information

In this offering memorandum:

- $, "**dollar**" or "**U.S. dollar**" refers to the lawful currency of the United States; and
- € or "**euros**" refers to the single currency of the participating member states of the European and Monetary Union of the Treaty Establishing the European Community, as amended from time to time.

The following tables set forth, for the periods indicated, the period end, period average, high and low Bloomberg Composite Rates expressed in U.S. dollars per €1.00. The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The Bloomberg Composite Rate of the euro on July 24, 2013 was $1.3236 per €1.00.

	U.S. dollar per €1.00			
	Period end	Average(1)	High	Low
Year ended December 31,				
2008	1.3973	1.4710	1.5992	1.2454
2009	1.4326	1.3953	1.5134	1.2531
2010	1.3387	1.3266	1.4513	1.1923
2011	1.2959	1.3926	1.4830	1.2907
2012	1.3192	1.2860	1.3458	1.2061

	U.S. dollar per €1.00			
	Period end	Average(2)	High	Low
Month				
January 2013	1.3577	1.3302	1.3577	1.3049
February 2013	1.3056	1.3339	1.3641	1.3056
March 2013	1.2820	1.2957	1.3107	1.2780
April 2013	1.3168	1.3025	1.3177	1.2820
May 2013	1.2971	1.2981	1.3190	1.2828
June 2013	1.3010	1.3183	1.3417	1.2956
July 2013 (through July 24, 2013)	1.3236	1.3035	1.3236	1.2819

(1) The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year.

(2) The average rate for each month presented is based on the average Bloomberg Composite Rate for each business day of such month.

The above rates differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this offering memorandum. Our inclusion of the exchange rates is not meant to suggest that the euro amounts actually represent U.S. dollar amounts or that these amounts could have been converted into U.S. dollars at any particular rate, if at all.

Summary

This summary highlights certain information about us and the Offering. This summary should be read as an introduction to this offering memorandum. It does not contain all the information that may be important to you or that you should consider before investing in the Notes, and it is qualified in its entirety by the remainder of this offering memorandum. You should read this entire offering memorandum, including the financial statements and related notes, before making an investment decision. You should also carefully consider the information set out in this offering memorandum under the heading "Risk factors" for factors that you should consider before investing in the Notes and "Information regarding forward-looking statements" for information relating to the statements contained in this offering memorandum that are not historical facts before making any decision as to whether to invest in the Notes.

OVERVIEW

We are the third largest gaming company in Italy based on total bet and distribution network (excluding B Plus, see "*Market and industry data*"), with €6.4 billion in bet collected in 2012 across our network of approximately 13,000 points of sale. Italy is the largest gaming market in Europe based on gross gaming revenues and has doubled in total bet since 2007, reaching an estimated €87,200 million in 2012. See *"Industry overview"*. In particular, we are the second largest concessionaire in the video lottery terminal ("**VLT**"), one of the most attractive segments of the gaming market, and slot machines/amusement with prize machine ("**AWP**") gaming segments based on total bet collected and number of rights held.

As of December 31, 2012, we operated 7,089 VLTs, out of our 7,805 VLT rights and collected approximately €3.2 billion in bet in 2012 from our VLTs. By the end of 2012, we had rolled out approximately 91% of our total VLT rights (92% as of March 31, 2013, including approximately 500 VLTs generating minimum guaranteed monthly fees under contract but not yet collecting bet), compared to a market average of 80%, and we had substantially completed the investment cycle in our VLT distribution network.

VLTs offer a more attractive gaming proposition to players compared to traditional gaming products, due to the greater variety of games and a higher average payout ratio, including the possibility to win a jackpot of up to €500,000. In 2012, the overall VLT gaming segment generated an estimated €21,300 million in bet, representing one of the main drivers of growth of the overall Italian gaming market.

In addition, as of March 31, 2013, we provided network connection services to 43,075 AWPs and collected approximately €3.2 billion in bet from AWPs in 2012.

VLTs and AWPs represent our main operating activities, accounting for 32.8% and 65.4% of our total revenues and income, respectively, for the twelve months ended March 31, 2013. In the same period, VLTs and AWPs generated Contribution Margin of €73.0 million and €29.2 million, respectively, corresponding to 72.4% and 28.9% of our total Contribution Margin of €100.8 million, respectively. Our VLT and AWP concession will expire in March 2022.

We also operate in the betting and online areas through 89 betting shop licenses and 96 betting corner licenses and our website Gamenet.it. In particular, we offer physical and online betting (e.g., football, car racing, horse racing, etc.) and a wide variety of online-only products including poker, skill and prediction games.

We currently have the third largest gaming distribution network in Italy, with approximately 13,000 physical points of sale consisting of 660 gaming halls (37 of which are currently directly owned by us), directly owned and partner-managed betting shops (venues dedicated to gaming and betting) and betting corners (venues primarily dedicated to activities other than gaming and betting), bars, tobacco shops and newsstands as well as our website, Gamenet.it. As of December 31, 2012, approximately 43% of our points of sale were located in northern Italy, 32% were located in central Italy and the remaining 25% were located in southern Italy.

As of March 31, 2013, our distribution network included 660 gaming halls. On average, each gaming hall contains between ten to 20 VLTs and five to ten AWPs. Of the 660 gaming halls in our distribution network, we owned the leases and held the required authorizations for 37 gaming halls, of which 34 are currently operating under the Gamenet brand through contractual arrangements with third-party managers (*gestori*) responsible for the day-to-day operations of the gaming halls, including employment matters. In July 2013, we signed an agreement to acquire 63 additional gaming halls. The acquisition of each gaming hall is subject to obtaining permission from local authorities to transfer the existing authorizations from the seller to Gamenet Entertainment. The purchase price is calculated as a multiple of 2.5 times the EBITDA of each gaming hall for the year ended December 31, 2014, which we expect will not exceed €10.0 million in aggregate. At signing we paid approximately €5.0 million and the remaining portion of the consideration will be paid, in part, at closing and, in part, in 2015. See "*Business—Business Strategy—Continue to expand the number of leased and licensed points of sale and the number of Gamenet branded partner gaming halls in our distribution network*", "*Business—Our Distribution Network—Gaming Halls*" and "*Business—Our Retail Partner Relationships*".

Our key performance indicators for the year ended December 31, 2012 improved significantly compared to the prior year:

- Total bet of €6,386.4 million, as compared with €5,576.8 million (a 14.5% increase);
- Total revenues and income of €650.4 million, as compared with €630.9 million (a 3.1% increase);
- Total Contribution Margin of €97.9 million, as compared with €75.5 million (a 29.6% increase); and
- Total Adjusted EBITDA of €79.2 million, as compared with €57.3 million (a 38.3% increase).

In addition, for the three months ended March 31, 2013 as compared to the three months ended March 31, 2012, we generated:

- Total bet of €1,652.9 million, as compared with €1,521.1 million (a 9.3% increase);
- Total revenues and income of €145.6 million, as compared with €154.4 million (a 5.7% decrease);
- Total Contribution Margin of €25.8 million, as compared with €22.8 million (a 12.8% increase); and
- Total Adjusted EBITDA of €19.7 million, as compared with €17.2 million (a 14.2% increase).

See "*Management's discussion and analysis of financial condition and results of operations*".

OUR BUSINESS

The following table sets forth key information for each of our business activities for the twelve months ended March 31, 2013 and the years ended December 31, 2012 and 2011:

	VLTs(1)	AWPs(1)	Betting and Online(2)	Gaming halls(3)	Eliminations	Total
	(in € thousands, except non-financial information)					
Twelve months ended March 31, 2013						
Bet	3,417,333	3,090,049	10,878	—	—	**6,518,260**
Revenues and Income	210,404	419,686	10,878	2,457	(1,874)	**641,551**
Contribution Margin(4)	72,962	29,158	(2,008)	6	723	**100,841**
Number of rights/licenses	*7,805*	—	*185(6)*	*37(5)*	—	—
Number of rights/licenses/ terminals in operations	*7,217*	*43,075*	*104*		—	—
Number of points of sale	*660*	*12,768*	*77*	*660*	—	—
Concession expiration year	*2022*	*2022*	*2016/2021*	—	—	—
Year ended December 31, 2012						
Bet	3,218,094	3,157,596	10,738	—		**6,386,428**
Revenues and Income	202,369	436,868	10,738	1,312	(880)	**650,407**
Contribution Margin(4)	69,643	29,675	(2,068)	(56)	714	**97,908**
Number of rights/licenses	*7,805*	—	*104*	*37*	—	—
Number of rights/licenses/ terminals in operations	*7,089*	*46,801*	*104(6)*	—	—	—
Number of points of sale	*646*	*13,655*	*77*	*646*	—	—
Concession expiration year	*2022*	*2022*	*2016/2021*	—	—	—
Year ended December 31, 2011						
Bet	1,746,674	3,819,097	10,998	—		**5,576,769**
Revenues and Income	121,083	498,562	10,998	804	(588)	**630,859**
Contribution Margin(4)	38,642	37,837	(1,690)	(60)	809	**75,538**
Number of rights/licenses	*7,805*	—	*104(6)*	—	—	—
Number of rights/licenses/ terminals in operations	*5,232*	*45,669*	*104*			
Number of points of sale	*399*	*13,618*	*72*	*399*	—	—
Concession expiration year	*2022*	*2022*	*2016/2021*	—	—	—

(1) VLT and AWP revenues are recorded net of PREU tax and payout.

(2) Betting and Online revenues include the revenues generated by physical and online horse and sports betting offerings and the revenues generated by our online gaming activities.

(3) Gaming hall revenues primarily include the annual services fee charged to gaming halls, and to a lesser extent, activation fees charged to new clients and revenues from bars located within our gaming halls.

(4) Contribution Margin is calculated as total revenues and other income net of distribution network costs and other direct costs before eliminations. See "*Management's discussion and analysis of financial condition and results of operations*" for a more detailed explanation of Contribution Margin.

(5) As of March 31, 2013, we owned the leases and held the required authorizations for 37 gaming halls (of which 34 were operating under the Gamenet brand).

(6) In addition, we have one license for our online business activities.

COMPETITIVE STRENGTHS

We believe a number of key factors give us a competitive advantage and make our business strong and resilient, including:

A key player in a well-established and resilient industry with strong barriers to entry. We are the third largest gaming company in Italy based on total bet with approximately €6.4 billion of bet collected in 2012. The Italian gaming market has doubled in size since 2007, reaching total bet estimated at €87,200 million in 2012, and is currently the largest gaming market in Europe based on gross gaming revenues. Furthermore, the Italian gaming market has shown strong resilience amid challenging economic conditions, with Italy's GDP contracting by 7% between 2007 and 2012. See "*Industry overview*". The gaming market is highly regulated, with a well-defined set of rules established by AAMS, and based on a concession model with pre-defined durations; for example, our VLT and AWP concession will not expire until March 2022.

In addition, the relationship of industry participants (including us) with the regulatory authority and their ability to operate within the existing regulatory framework are critical factors for success. AAMS requires companies to meet certain requirements before awarding gaming concessions, requiring bidders to have an extensive territorial presence in Italy, a strong expertise in the information technology processes necessary for the operation of a gaming network and a solid financial position, often requesting substantial upfront fees and payments for awarding the gaming concessions.

We believe the high level of regulation in the Italian gaming industry, together with the fact that our current VLT and AWP concession will not expire until March 2022 and the substantial retail network, technical and financial requirements to obtain gaming concessions, in general, represent significant barriers to entry for potential new entrants and a particular challenge for smaller participants.

Significant barriers of entry, both of a regulatory and a commercial nature, exist also at the distribution network level, which further reduce not only the risks of entry of new operators but also competitive pressure from existing concessionaires.

The ability to open and operate new gaming points of sale is subject to compliance with geographic concentration limits set by AAMS as well as to the award of the required authorizations from local authorities. Competition among VLT concessionaires is further limited by the provision that only one VLT concessionaire may operate in each gaming venue. In addition, the contractual agreements we enter into with our retail partners provide us with a significant control over our distribution network: these contracts generally last for the duration of the concession and include significant penalties in case of early termination of the contract which, in the case of VLTs, are equal to €15,000 for each VLT managed under the contract, equivalent to our initial investment for each VLT license paid for in 2009 and 2010.

Strong and leading presence in the highly attractive VLT segment. We are the second largest VLT concessionaire in Italy, with a total of 7,805 VLT rights (13.8% of total VLT rights awarded by AAMS) and approximately €3.2 billion in bet collected in 2012, behind GTECH (formerly Lottomatica) (€7.7 billion in bet collected in 2012) and ahead of Sisal (€2.2 billion in bet collected in 2012).

By the end of 2012, we had rolled out 91% of our total VLT rights awarded in 2010, compared to an average of 80% for the overall market, and had substantially completed the investment cycle in our VLT distribution network.

In 2012, the overall VLT segment in Italy generated an estimated €21,300 million in bet, representing one of the main drivers of growth of the overall Italian gaming market. VLTs offer a more attractive gaming proposition to players due to their greater variety of games, and the fact that they allow for higher maximum bets and provide a higher average payout ratio (approximately 89% currently) compared to traditional gaming products, including the possibility to win a jackpot of up to €500,000. As a result, the average annual bet per VLT is approximately €612,000 (excluding VLTs generating minimum guaranteed monthly fees under contract but not yet collecting bet), which is approximately nine times greater than the average annual bet per AWP of approximately €68,000.

Furthermore, the share of value generated for concessionaires in the VLT sector is generally more than twice as much as that of the AWP sector, mainly due to the fact that, unlike for most AWPs, concessionaires own the VLT terminals. Therefore, while in 2012 our VLTs collected approximately the same amount of bet as our AWPs (€3.2 billion), our VLTs generated 71.1% of our Contribution Margin. See "*Business—Businesses—VLTs*", "*Business—Businesses—AWPs*" and "*Management's discussion and analysis of financial condition and results of operations*" for additional information on VLT and AWP value chains.

Attractive concession maturity profile. Approximately 100% of our total bet and Contribution Margin are generated by our VLT and AWP business activities. With nearly nine years of remaining life and expiration set for March 2022, our VLT and AWP concession has the longest yearly dated expiry in the Italian gaming market. These long contractual durations ensure that during the life of the Notes we will not incur expenses relating to the renewal of our VLT and AWP concession. Furthermore, as of the date of this offering memorandum, we have substantially completed our VLT rights roll out and the related investment cycle. See "*Management's discussion and analysis of financial condition and results of operations—Information by business activity*". Our concession maturity profile compares favorably to those of GTECH and Sisal, which collected, respectively, approximately 54.0% and 31.0% of total 2012 bet from concessions which will expire by 2018 or earlier.

High quality distribution network, product mix and IT platform. We have the third largest gaming distribution network in Italy comprising approximately 13,000 points of sale and our website, Gamenet.it.

Our physical retail distribution network is geographically distributed throughout Italy, with 43% of our points of sale in northern Italy, 32% in central Italy and the remaining 25% in southern Italy as of December 31, 2012. This network is supported by a dedicated nationwide sales team, fully focused on managing our relationships with our retail partners, implementing our marketing and branding strategy and identifying new business opportunities. See "*Business—Our Retail Partner Relationships*".

We offer our customers a comprehensive range of VLTs, AWPs and betting. Our VLTs are based on two product platforms, Spielo and Novomatic, which are considered to be among the best platforms in our industry, particularly in terms of reliability. We are currently working to roll out a third platform over the next few months to further enrich our product offering and improve customer satisfaction. Furthermore, we offer additional value-added products and services to our customers throughout our physical retail distribution network in order to generate cross-selling opportunities. In particular, we have recently introduced (i) branded pre-paid debit cards, which can be charged with money that our customers can then use to play games in our gaming halls and on our website and (ii) tailor-made scratch cards, which allow our customers to top-up their online gaming accounts without using a credit card.

Our strong and comprehensive product offer is underpinned by our leading ICT platform. We have invested significant resources to develop in-house integrated information technology ("**IT**") systems and in 2010 we received the "ICT Innovation" award at the SMAU Business in Rome for the quality and reliability of our IT systems developed to support the roll out of our VLTs.

Our IT systems allow us, among other things, to provide state of the art products and services to our customers, maximize revenues from our VLT and AWP businesses as well use socio-demographic characteristics and geo-mapping of our competitors' distribution networks to assist our sales team identify optimum locations for points of sale partnerships and acquisitions. In addition, the efficiency of our IT systems allow us to collect approximately €500 million in taxes annually and consistently meet AAMS performance targets with over 99% hit ratios, making us a key, reliable partner for the Italian government. Through our VLT and AWP activities we are a large provider of telecommunication services in Italy. For additional information on our IT systems, see "*Business—Information Technology*".

Our ability to provide a compelling value proposition to our customers and partners has been confirmed by the results of a market survey that we recently conducted, according to which we enjoy a 62% customer loyalty ratio and greater than 80% retail partner satisfaction ratio. For additional information on the market survey, see "*Business—Businesses—Our distribution network—Assessment of our performance*".

Effective Risk Management System. Our credit risk management practices allow us to efficiently monitor and manage the main risks associated with our business. As of March 31, 2013, our credit department consisted of 15 fully dedicated employees, representing approximately 8.0% of Gamenet total headcount. Before entering into new arrangements, we evaluate the credit of potential retail partners and typically obtain bank sureties or security deposits. See "*Business—Our Retail Partner Relationship*". We continuously monitor the credit of our partners for the duration of our contractual arrangements. We have short collection periods (every other day for VLT collections and bi-weekly for AWP collections) in order to minimize credit collection risks. If a distribution network manager fails to make a timely payment, we have the ability to remotely disconnect the terminals at the relevant point of sale, while we investigate the cause and take remedial action.

As a result of our continued focus on credit risk management, our trade receivables net of provision from doubtful accounts decreased from €65.9 million as of December 31, 2011 to €57.3 million as of December 31, 2012 and €52.6 million as of March 31, 2013, or from 10.4% of our total revenues and income for the year ended December 31, 2011 to 8.8% and 8.2% of our total revenues and income for the year ended December 31, 2012 and the twelve months ended March 31, 2013, respectively.

Highly attractive financial profile underpinned by a lean operating structure. We have a strong track record of profitable growth and deleveraging. As a result of our recent significant investments in connection with the roll out of our VLTs, our Adjusted EBITDA increased from €57.3 million in 2011 to €81.7 million for the twelve months ended March 31, 2013, and our ratio of net debt to Adjusted EBITDA declined from 1.2x in 2011 to 0.8x for the twelve months ended March 31, 2013. In addition, our Contribution Margin increased from €75.5 million in 2011 to €100.8 million for the twelve months ended March 31, 2013. In June 2013, we received a rebate of €31.4 million, representing 99% of our annual deposit to AAMS for 2012, and as a result, after giving effect to the Transactions, the ratio of our net debt to Adjusted EBITDA is expected to be approximately 1.2x and we expect to have a strong liquidity position with approximately €4.3 million of financial assets and €99.6 million of cash on our balance sheet (approximately €68.2 million not including the €31.4 million rebate referred to above) and the ratio of our total debt to Adjusted EBITDA is expected to be 2.5x. In addition, because we have already rolled out 92% of our VLT rights as of the date of this offering memorandum, we expect to maintain strong cash flow conversion levels and minimal capital expenditure requirements.

Our attractive financial profile is further underpinned by a lean and efficient operating and cost structure. As of December 31, 2012, we had only 167 employees, corresponding to an average Adjusted EBITDA per employee generated of €470,000.

In addition, our total fixed/non-controllable operating costs for the year ended December 31, 2012, amounted to €17.4 million, corresponding to only 3.0% of our total cost base. Furthermore, as a result of effective cost management, such costs increased by only 3.0% compared to the year ended December 31, 2011, compared to a 3.1% increase in revenues and income and a 29.6% increase in our Contribution Margin.

We believe that our flexible operating structure and effective cost management, coupled with our well invested product platform and moderate leverage after giving effect to the Transactions are the key elements of our attractive financial profile.

Highly experienced management team and incentivized workforce. The members of our senior- and middle-management team have significant experience in the gaming, retail, and ICT sectors. In addition, our managers have developed their expertise with national and multinational companies, as well as governmental regulatory and taxation agencies. Our experienced management team has demonstrated its ability to grow our business, for example, through successfully completing the VLT roll out, expanding our distribution network, introducing innovative products, and significantly reducing our leverage over the past two years. We also benefit from the market and industry expertise, business relationships, knowledge, investments and experience of our principal shareholder Trilantic.

Our management is supported by a young and high quality team of professionals, the majority of whom were directly hired by our senior management and principal shareholder over the last couple of years to support the roll out of our VLTs and the expected future growth of the business. As of December 31, 2012, the average age of our employees was 39 years and 54% of them held university degrees.

In order to retain top talent, promote accountability and align the interests of our employees with those of the Group, we have developed an annual bonus scheme applicable to all employees based on the Company's and the individual's performance. In 2012, in light of the solid results achieved by Gamenet, all our employees were awarded their variable compensation component, for a total amount of €797.6 thousand, representing 8.1% of our total employee costs.

BUSINESS STRATEGY

Our objective is to strengthen our position as a leading gaming company in Italy and to achieve sustainable profitable growth through the following strategic pillars:

Continue to expand the number of leased and licensed points of sale and the number of Gamenet branded partner gaming halls in our distribution network. We intend to focus on the downstream expansion of our retail network by increasing the number of our own leased and licensed gaming halls, primarily through the acquisition of small gaming hall chains (e.g., the venue leases and required authorizations). The existing gaming retail network in Italy is highly fragmented, providing for vertical integration and expansion opportunities. Our expansion efforts are designed to allow us to retain the portion of the value chain that we have historically paid to our retail partners (e.g., point of sale owners) and, at the same time, reduce competition-related risks throughout our retail network in Italy. For example, for the three months ended March 31, 2013, we paid point of sale owners fees of approximately 5.5% and approximately 2.3%, respectively, in connection with our AWP and VLT business activities.

We believe that we have developed a strategy which minimizes potential execution, financial and operational risks involved in these acquisitions. We primarily aim at targeting small point of sale chains that are already part of our distribution network as they provide us with visibility on actual performance achieved and attractive economic terms, including part of the acquisition costs being deferred over time, subject to the achievement of pre-agreed performance targets.

Once we complete and commence operations of an acquired point of sale, which includes leasing the real estate and equipment and obtaining all required authorizations, we will seek to continue to minimize operational risk by delegating point of sale management responsibilities, including employment matters, to store managers (i.e., *gestori*) who are best placed to monitor day-to-day operations. Such store managers are remunerated on a variable basis in relation to the performance of their respective point of sale. These contracts usually last one year and are subject to minimum performance targets, which enables us to promptly replace non-performing managers, further minimizing operational risk. In addition, we will provide VLTs, AWPs and betting equipment and services to these store managers. In 2012, we acquired 37 gaming halls and, in July 2013, we signed an agreement to acquire 63 additional gaming halls.

We also aim to continue increasing the number of Gamenet branded partner-owned gaming halls across Italy, particularly through our recently launched Gamenet branding agreements that provide three different levels of branding options for gaming halls and other points of sale, as well as marketing and other support services to strengthen our relationship with both our retail partners and retail customers and to increase loyalty and satisfaction. See "*Business—Our distribution network—Branding agreements*".

Continue to expand our product offerings and to identify cross selling opportunities. We intend to continue to offer a diversified and state-of-the-art product mix to our customers and retail partners in order to increase both traffic and customer spend at points of sale in our distribution network, particularly gaming halls. For example, we are in the process of introducing a new Zitro VLT platform, which will expand our existing VLT gaming options with a view to attracting new customers to the gaming halls within our distribution network. We intend to roll out some of our 81 recently awarded betting licenses primarily in selected gaming halls within our distribution network, which will expand the product mix available at such gaming halls. We also intend to capitalize on the growth of online gaming by extending our online product offerings to users' mobile devices, allowing our customers to fund their accounts and play games directly from their mobile devices. We will continue to seek ways to use our physical points of sale to expand our online and mobile business, such as we have recently done through the creation of tailored supplemental products, including branded pre-paid debit cards and scratch cards that provide our customers with additional methods for funding and topping-up their online gaming accounts.

Further strengthen brand awareness and customer loyalty. We will continue strengthening our brand awareness through corporate sponsorships and by participating in important industry events (such as the ENADA fair), in order to strengthen our relationship with both our retail partners and the retail customers. We will also continue to develop tailor-made marketing and branding strategies, such as our new branding agreement packages, in order to strengthen brand awareness and customer loyalty and satisfaction.

Maximize profitability and cash flow through VLT network optimization. Having already achieved a 92% roll out of our VLTs within three years of their introduction in the Italian gaming industry, we now intend to focus on fully leveraging and optimizing our well-invested product and technological platform to maximize value generation throughout the life of our VLT concession.

In particular, we believe significant value potential could be extracted from an active asset management of our existing installed VLTs to increase the number of VLTs in top performance locations. To further maximize profitability, our existing agreements with gaming halls managers include minimum performance thresholds, which, if not achieved, allow us to terminate the agreement and relocate our VLTs elsewhere at minimal costs. We are also in the process of reducing the payout ratios for the VLTs in our distribution network to further increase our profitability.

Continue monitoring accretive bolt-on acquisitions opportunities in our core business area and in complementary segments of the value chain. We intend to continue opportunistically monitoring acquisition opportunities that can further strengthen our leading market position as a VLT and AWP concessionaire and offer significant operational synergies or that, alternatively, enable us to expand in attractive complementary segments of the value chain, such as in the AWP owner/operator segment ("*gestori*"), which is highly fragmented.

In assessing potential opportunities, we will continue to adopt our disciplined approach to acquisitions, focusing only on targets which offer a compelling risk/return proposition.

History of the Group

In 2003, CRIGA ("*Consorzio Rete Italia Gestori Automatico*"), a consortium of slot machine operators, was formed to compete for one of ten state concessions for the management of the public network of AWPs in Italy to be awarded by AAMS. Upon being awarded one of the ten concessions for the management of AWPs, CRIGA and other shareholders incorporated Gamenet S.p.A. in 2006 to operate the concession.

In 2009 and 2010, we expanded our business into the VLT market when we participated in the tender for VLT rights and were awarded 7,805 VLT rights. The upfront cost of these rights was approximately €117 million.

In November 2010, the private equity firm Trilantic acquired 64.3% of Gamenet's ordinary share capital, mainly through a capital increase, which provided part of the financial resources needed to acquire the VLT rights. Trilantic also acquired warrants, allowing Trilantic to increase its stake to 89.0% on a fully diluted basis. See "*Principal shareholders*".

As of December 31, 2011, we operated approximately 5,200 VLTs, representing 67% of our total VLT rights awarded in 2010. In addition, as of the same date, we provided network connection services to approximately 45,669 AWPs.

In 2012, we incorporated Gamenet Entertainment S.r.l. and Verve S.p.A., the latter together with Casino of Campione d'Italia, as a first step in our strategy to expand beyond our pure concessionaire role. Gamenet Entertainment S.r.l. and Verve S.p.A. were incorporated to manage, respectively, small-to-medium size gaming halls and large size gaming halls.

In 2012, Trilantic acquired 15,000 shares of the Issuer, increasing its interest in the Issuer's share capital to approximately 64.9%.

In 2012, we strengthened Gamenet Scommesse S.p.A. with a new management team to manage our betting and online platform. In May 2013, we acquired Eurispea Formazione S.p.A. (currently Gamenet Formazione S.p.A.) to provide training to gaming hall employees.

As of December 31, 2012, we operated 7,089 VLTs, representing approximately 91% of our total VLT rights awarded in 2010. In addition, as of the same date we provided network connection services to approximately 46,800 AWPs.

In 2013, we successfully renewed our VLT and AWP concession, which will not expire until March 2022 and we also successfully acquired 81 additional betting shop licenses at a cost of approximately €30,000 per license.

In 2013, Trilantic acquired 130,000 ordinary shares increasing its interest in the ordinary share capital of the Company to 70.0% and 91.1% on a fully diluted basis. In addition, in 2013, the Company acquired 200,000 ordinary shares.

In July 2013, we signed an agreement to acquire 63 additional gaming halls. The acquisition of each gaming hall is subject to obtaining permission from local authorities to transfer the existing authorizations from the seller to Gamenet Entertainment. The purchase price is calculated as a multiple of 2.5 times the EBITDA of each gaming hall for the year ended December 31, 2014, which we expect will not exceed €10.0 million in aggregate. At signing we paid approximately €5.0 million and the remaining portion of the consideration will be paid, in part, at closing and, in part, in 2015.

Recent Developments

Current Trading Since March 31, 2013

Our preliminary results indicate that our performance in the six months ended June 30, 2013 was broadly in line with our performance during the first quarter of 2013 and ahead compared to the six months ended June 30, 2012 in terms of EBITDA mainly due to the continuing roll out of our VLTs. This preliminary indication is based on our initial management reviews of our results of operations, which have not been reviewed by any audit firm and are inherently subject to modification during the preparation of our financial statements. See "*Information regarding forward-looking statements*".

Award of new betting licenses

In March 2013, we were awarded 81 new betting shop licenses, for consideration of approximately €30,000 per license. We intend to roll out these licenses primarily within our existing network of gaming halls. As a result, we currently hold a total of 185 betting licenses.

Receipt of reimbursement of annual AAMS deposit

On June 18, 2013, we received the sum of €31.4 million from AAMS relating to the reimbursement of the annual 0.5% security deposit provided to AAMS during 2012 relating to our VLT and AWP concession. The €31.4 million represents 99.0% of the security deposit that we paid to AAMS in the previous year to guarantee the agreed level of service for all of our VLTs and AWPs. See "*Management's discussion and analysis of financial condition and results of operation*" and "*Business—VLTs*".

Adoption of €20 million minimum liquidity policy

To ensure that potential future working capital needs of the business are comfortably met, on June 18, 2013, our Board of Directors resolved, subject to the successful completion of the Offering and given the solid liquidity profile of the Group after giving effect to the Transactions, to maintain a minimum of €20 million of cash on our balance sheet in order to satisfy any working capital need of the Company without being required to rely on additional financings provided by third parties. See "*Management's discussion and analysis of financial condition and results of operations—Liquidity*" and "*Risk Factors—Risks Related to the Notes—We require a significant amount of cash to service debt and for other general corporate purposes and our ability to generate sufficient cash depends on many factors beyond our control*".

Agreement to acquire the licenses for 63 gaming halls

In July 2013, we signed an agreement to acquire 63 additional gaming halls. The acquisition of each gaming hall is subject to obtaining permission from local authorities to transfer the existing authorizations from the seller to Gamenet Entertainment. The purchase price is calculated as a multiple of 2.5 times the EBITDA of each gaming hall for the year ended December 31, 2014, which we expect will not exceed €10.0 million in aggregate. At signing we paid approximately €5.0 million and the remaining portion of the consideration will be paid, in part, at closing and, in part, in 2015.

Completed merger of Gamenet Arcades S.r.l. into Gamenet S.p.A.

In July 2013, we finalized the merger of Gamenet Arcades S.r.l. with and into Gamenet S.p.A.

The Transactions and Use of Proceeds

The gross proceeds from the issuance of the Notes will be €200 million. We intend to use the gross proceeds from the issuance of the Notes (i) to repay our net indebtedness as described elsewhere herein to UniCredit and the amounts outstanding under the Shareholder Loans, (ii) to pay fees and expenses in connection with the Transactions, including the Initial Purchasers' discount and commission and the estimated expenses in respect of the Offering; and (iii) for general corporate purposes including, but not limited to, making opportunistic acquisitions or other capital investments from time to time.

You should read "*Use of proceeds*", "*Capitalization*" and "*Description of certain financing and guarantee arrangements*" for a more detailed description of the Transactions.

Permitted Reorganization

Our shareholders are considering certain corporate reorganization transactions which they may undertake in future to insert a new direct holding company above the Issuer, including in connection with potential debt or equity capital market transactions. The Indenture governing the Notes will permit this corporate reorganization without the consent of holders of the Notes, provided that the requirements of the Indenture are fulfilled, see "*Description of the Notes—Certain Covenants—Permitted Reorganization*". In the event the Permitted Reorganization occurs, the shares and warrants which form part of the Collateral will be transferred to the new direct holding company of the Issuer subject to the security interest under the Collateral and the new holding company will enter into a confirmation agreement of the obligations under the Company Capital Stock Pledge. See "*Risk Factors—Risks Related to the Notes—The granting of the security interests in the Collateral and the undertaking of a Permitted Reorganization may create hardening periods for such security interests in accordance with Italian law*".

Information about the Issuer

The Issuer is a joint stock company established under the laws of the Republic of Italy and was formed on October 10, 2006. The Issuer has an issued and outstanding share capital of €2,520,000.00 comprised of 2,520,000.00 shares fully paid-in. All shares have been issued and are fully paid up. The Issuer is registered with the Rome Companies Register under registration number 09160031002 and its corporate existence is scheduled to expire on December 31, 2060. The Issuer's financial year ends on December 31.

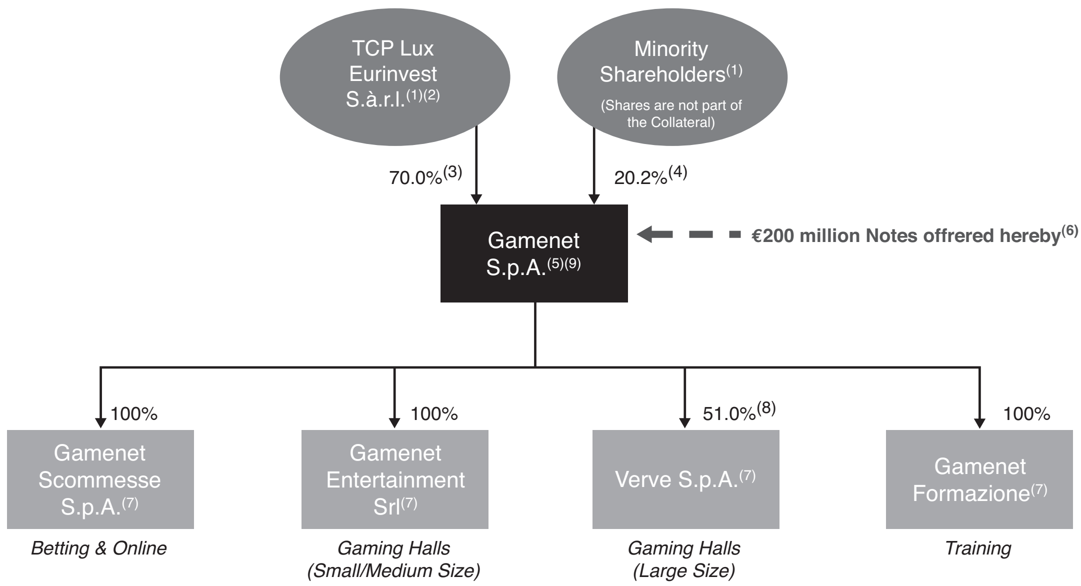
The registered office of the Issuer is located at Corso d'Italia 6, 00198 Rome, Italy and its telephone number at that address is +39 06 898651.

Information about Our Principal Shareholders

Our principal shareholder is TCP, a company incorporated under the laws of the Grand Duchy of Luxembourg and indirectly owned by Trilantic, a private equity firm formed in 2009 by five founding partners, all of whom worked together at Lehman Brothers Merchant Banking. Trilantic focuses on acquiring control and significant minority investments in North American and European companies active in the consumer and leisure, TMT, industrial, healthcare and business services sectors. Funds managed by Trilantic have invested in 40 companies since 2003. As of June 30, 2013, Trilantic had approximately U.S.$4.1 billion in assets under management. Trilantic has a track record of proven risk management and prudent financial leveraging. For more information about our principal shareholders, see "*Principal shareholders*".

Summary corporate and financing structure

The following diagram summarizes our corporate structure, as well as the principal financing arrangements of the Group after giving effect to the Transactions. For a summary of the debt obligations referenced in this diagram, see "Description of certain financing and guarantee arrangements" and "Description of the Notes".



(1) For a description of our principal shareholders and certain shareholders agreements, see "*Principal shareholders*".

(2) Our shareholders are considering certain corporate reorganization transactions which they may undertake in future to insert a new direct holding company above the Issuer ("New Holdco"), including in connection with potential debt or equity capital market transactions that may be undertaken by New Holdco. New Holdco, if formed, will not guarantee the Notes and its shares will not be pledged to secure the Notes. The Indenture governing the Notes will permit this corporate reorganization without the consent of holders of the Notes, provided that the requirements of the Indenture are fulfilled, see "*Description of the Notes—Certain covenants—Permitted Reorganization*". In the event the Permitted Reorganization occurs, the pledge of the shares of the Issuer and, if still in existence or if not otherwise already exercised, warrants for certain shares of the Issuer securing the Notes will be transferred to the new direct holding company of the Issuer. See "*Risk Factors—Risks related to the Notes—The granting of the security interests in the Collateral and the undertaking of a Permitted Reorganization may create hardening periods for such security interests in accordance with Italian law*". Pursuant to CRIGA's Call Option as described in more detail in "*Principal Shareholders—Call options between TCP and CRIGA*", CRIGA has a call option to purchase from TCP up to 50,000 Gamenet class A shares for consideration of €1 per share which equates to approximately 2% of the total outstanding ordinary shares of the Issuer. In the event that CRIGA exercises CRIGA's Call Option, the called shares will be released from the Collateral which will reduce the value of the Collateral in favor of the holders of the Notes. See "*Description of the Notes—Release of Liens*".

(3) The shares and warrants held by TCP have been pledged and form part of the Collateral. See "*Principal shareholders*".

(4) The shares and warrants held by the minority shareholders have not been pledged and do not form part of the Collateral. See "*Principal shareholders*".

(5) Gamenet holds approximately 9.7% of its share capital as treasury shares (2.2% on a fully diluted basis assuming full exercise of the warrants). See "*Principal shareholders*".

(6) The Notes will be senior obligations of the Issuer. The Notes will be secured on a first ranking basis (subject to certain perfection requirements and any Permitted Collateral Liens) by the Collateral, which will initially comprise approximately 70.0% of the shares of the Issuer and warrants of the Issuer representing the right to acquire an additional 21.1% of the share capital of the Issuer on a fully diluted basis. On the Issue Date, the Notes will not be secured by any property or assets of the Issuer or its subsidiaries. In addition, pursuant to a future Intercreditor Agreement, indebtedness incurred under clause (1) of the definition of "Permitted Indebtedness" and certain interest rate hedging obligations, each as provided under "*Description of the Notes*" as may be secured on a super priority basis with respect to proceeds from enforcement of Collateral, meaning that in the event of enforcement of the Collateral securing the Notes, creditors secured on a super senior basis will be entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes. See "*Risk Factors—Risks Related to the Notes—The claims of the holders of the Notes will be effectively subordinated to the rights of our future secured creditors, including the provider of guarantees to AAMS in respect of certain of our performance obligations, to the extent of the value of the assets securing such indebtedness or other obligations which does not constitute Collateral*" and "*Description of the Notes—Intercreditor Agreements*".

(7) On the Issue Date, the subsidiaries of the Issuer will not guarantee the Notes. The subsidiaries of the Issuer comprised 4.6% of our total assets as of March 31, 2013 and represented 1.8% and (1.1%) of our total revenues and income and Adjusted EBITDA, respectively, for the twelve months ended March 31, 2013. After giving effect to the Transactions, the subsidiaries of the Issuer would have had €0.3 million of financial indebtedness and €4.1 million of other liabilities outstanding as of March 31, 2013.

(8) The remaining 49.0% of the share capital of Verve S.p.A. is held by Casino di Campione S.p.A. As of the date hereof, Verve S.p.A. is inactive.

(9) We had off balance sheet guarantees totaling €83.6 million as of March 31, 2013. See "*Management's discussion and analysis of financial condition and results of operations—Off Balance Sheet Arrangements*" and "*Description of certain financing and guarantee arrangements*".

The offering

The summary below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of the Notes" section of this offering memorandum contains a more detailed description of the terms and conditions of the Notes, including the definitions of certain terms used in this summary.

Issuer	Gamenet S.p.A.
Notes offered	€200,000,000 aggregate principal amount of 7.25% Senior Secured Notes due 2018.
Issue date	August 1, 2013.
Issue price	100.0% plus accrued interest, if any, from the Issue Date.
Maturity date	August 1, 2018.
Interest payment dates	Semi-annually in arrears on February 1 and August 1 of each year, commencing on February 1, 2014.
Denomination	The Notes will have a minimum denomination of €100,000 and integral multiples of €1,000 in excess thereof. Notes in denominations of less than €100,000 will not be available.
Ranking of the Notes	The Notes will: ➤ be a general senior obligation of the Issuer; ➤ be secured on a first-ranking basis in respect of the Collateral as described under "—*Security*"; ➤ rank *pari passu* in right of payment to any existing or future obligations of the Issuer that are not subordinated in right of payment to the Notes; ➤ rank senior in right of payment to any existing or future obligations of the Issuer that are expressly subordinated in right of payment to the Notes, if any; ➤ be effectively subordinated to any existing and future obligations of the Issuer that are secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such obligations; and ➤ be structurally subordinated to any existing and future indebtedness of subsidiaries of the Issuer that do not guarantee the Notes.
Security	The Notes will be secured, subject to certain perfection requirements and any Permitted Collateral Lien, on a first-ranking basis by the Collateral. The Collateral will comprise a first ranking pledge over 70.0% of the shares of capital stock of the Issuer and by pledges over warrants representing the right to acquire an additional 21.1% of the share capital of the Issuer on a fully diluted basis. The Issuer accounted for 95.4% of total assets and represented 98.2% and 101.1% of total revenues and income and Adjusted EBITDA, respectively, for the twelve months ended March 31, 2013. On the Issue Date, the Notes will not be secured by any property or assets of the Issuer or its subsidiaries. The security interest securing the Notes may be limited by applicable law or subject to certain defenses that may limit

	their validity and enforceability. See "*Risk Factors—Risks Related to the Notes*". The Security may be released under certain circumstances. See "*Description of the Notes—Security—Release of Liens*". In addition, pursuant to a future Intercreditor Agreement, indebtedness incurred under clause (1) of the definition of "Permitted Indebtedness" and certain hedging obligations, each as provided under "*Description of the Notes*" may be secured on a super priority basis with respect to proceeds from enforcement of Collateral, meaning that in the event of enforcement of the Collateral securing the Notes, creditors secured on a super senior basis will be entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes. See "*Risk Factors—Risks Related to the Notes—The claims of the holders of the Notes will be effectively subordinated to the rights of our secured creditors, including the provider of guarantees to AAMS in respect of certain of our performance obligations, to the extent of the value of the assets securing such indebtedness or other obligations which does not constitute Collateral*" and "*Description of the Notes—Intercreditor Agreement*" and "*Risk Factors—Risks Related to the Notes—The instructing creditor group will have a limited period in which to respond to requests under any Intercreditor Agreements*".
Permitted Reorganization	Our shareholders are considering certain corporate reorganization transactions which they may undertake in future to insert a new direct holding company above the Issuer, including in connection with potential debt or equity capital market transactions. The Indenture governing the Notes will permit this corporate reorganization without the consent of holders of the Notes, provided that the requirements of the Indenture are fulfilled, see "*Description of the Notes—Certain Covenants—Permitted Reorganization*". In the event the Permitted Reorganization occurs, the shares and warrants which form part of the Collateral will be transferred to the new direct holding company of the Issuer subject to the security interest under the Company Share Pledge and the new holding company will enter into a confirmation agreement of the obligations under the Company Share Pledge Agreement. See "*Risk Factors—Risks Related to the Notes—The granting of the security interests in the Collateral and the undertaking of a Permitted Reorganization may create hardening periods for such security interests in accordance with Italian law*".
Use of proceeds	The Issuer intends to use the gross proceeds from the issuance of the Notes: (i) to repay our net indebtedness to UniCredit as described elsewhere herein and the amounts outstanding under the Shareholder Loans; (ii) to pay fees and expenses in connection with the Transactions, including the Initial Purchasers' discount and commission and the estimated expenses in respect of the Offering; and (iii) for general corporate purposes including, but not limited to, making opportunistic acquisitions or other capital investments from time to time. See "*Use of proceeds*".
Optional redemption	Prior to August 1, 2015, the Issuer may redeem all or part of the Notes at any time at a price equal to 100% of the principal amount of the Notes redeemed plus accrued and

	unpaid interest and additional amounts, if any, to the redemption date and a "make-whole" premium, as described in this offering memorandum. In addition, at any time prior to August 1, 2015, the Issuer may redeem up to 40% of the aggregate principal amount of the Notes at a price equal to 107.25% of the principal amount of the Notes, plus accrued and unpaid interest and additional amounts, if any, to the redemption date with the net proceeds from certain equity offerings. At any time on or after August 1, 2015, the Issuer may redeem the Notes in whole or in part at the redemption prices described in this offering memorandum under the caption "*Description of the Notes—Optional Redemption*", plus accrued and unpaid interest and additional amounts, if any, to the redemption date.
Additional amounts; tax redemption .	All payments in respect of the Notes will be made without withholding or deduction for any taxes or other governmental charges, except to the extent required by law. If withholding or deduction is required by law, subject to certain exceptions, the Issuer will pay additional amounts so that the net amounts received after such withholding or deduction (including any such withholding or deduction from such additional amounts) will equal the amounts which would have been received in the absence of such withholding or deduction. See "*Description of the Notes—Withholding Taxes*". The Issuer may redeem its respective Notes in whole, but not in part, at any time, upon giving prior notice, if certain developments affect taxation or in certain other circumstances. If the Issuer decides to exercise such redemption right, it must pay holders of such Notes a redemption price equal to 100% of the principal amount of the Notes being redeemed, together with accrued and unpaid interest and additional amounts, if any, to the redemption date. See "*Description of the Notes—Redemption for Taxation Reasons*". Subject to and as set out in "*Description of the Notes—Withholding Taxes*", the Issuer, under certain circumstances, will not be liable to pay any additional amounts to holders of the Notes in relation to, among other things, any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 (as the same may be amended, or supplemented from time to time) and otherwise in the circumstances as described in "*Description of the Notes—Withholding Taxes*".
Change of control	Upon the occurrence of certain events constituting a change of control, the Issuer is required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest and additional amounts, if any, to the date of purchase. A change of control will not be deemed to have occurred if a certain consolidated leverage ratio is not exceeded as a result of such event. See "*Description of the Notes—Change of Control*" and "*Description of the Notes—Certain Definitions—Specified Change of Control Event*".

Certain covenants	The indenture governing the Notes will limit, among other things, our ability to: ➤ incur additional indebtedness; ➤ pay dividends or make other distributions; ➤ make certain other restricted payments and investments; ➤ create liens; ➤ enter into any agreement that would limit the ability of our restricted subsidiaries to pay dividends or make other payments to us; ➤ transfer or sell assets; ➤ impair the security interest; ➤ merge or consolidate with other entities; and ➤ enter into certain transactions with affiliates. Each of the covenants is subject to a number of significant exceptions and qualifications. For a more detailed description of these covenants, see "*Description of the Notes—Certain Covenants*".
Transfer restrictions	The Notes have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transfer and may only be offered or sold in transactions that are exempt from or not subject to the registration requirements of the U.S. Securities Act. See "*Transfer restrictions*" and "*Plan of distribution*".
Absence of a public market for the Notes	The Notes will be new securities for which there is currently no market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.
Listing	Application has been made to the Luxembourg Stock Exchange in its capacity as market operator of EuroMTF Market under the Luxembourg act relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) for the Notes to be admitted to trading on the Luxembourg Stock Exchange's EuroMTF Market and to be listed on the Official List of the Luxembourg Stock Exchange upon their issuance. There is no assurance that the Notes will be listed and admitted to trade on the Euro MTF Market. In addition, application has been made to Borsa Italiana S.p.A. for listing of the Notes on the ExtraMOT, Professional Segment upon their issuance.
Trustee and *Rappresentante Comune* of the holders of the Notes	The Law Debenture Trust Corporation p.l.c.
Security Agent	The Law Debenture Trust Corporation p.l.c.
Paying Agent	Deutsche Bank AG, London Branch
Registrar, Transfer Agent and Luxembourg Listing Agent	Deutsche Bank Luxembourg S.A.

Governing law for the Notes and the Indenture	The Notes and the Indenture will be governed by the laws of the State of New York.
Security Documents	The Security Documents will be governed by the laws of the Republic of Italy.
Risk factors	Please see "*Risk factors*" for a description of certain of the risks you should carefully consider before investing in the Notes.

Summary financial and other information

The following summary consolidated income statement, balance sheet and cash flow information (i) as of and for the years ended December 31, 2011 and 2012 has been derived from the Audited Consolidated Financial Statements for such periods of the Issuer which have been prepared in accordance with Italian GAAP and audited by PricewaterhouseCoopers S.p.A. (ii) as of March 31, 2013 and for the three months ended March 31, 2012 and 2013 has been derived from the Unaudited Interim Condensed Consolidated Financial Statements for such period which have been prepared in accordance with Italian GAAP. Interim results are not necessarily indicative of the results of operations that may be expected for any other period or for a full year.

The summary financial information for the twelve months ended March 31, 2013 is calculated by taking the results of operations for the three months ended March 31, 2013 and adding to it the difference between the results of operations for the full year ended December 31, 2012 and the three months ended March 31, 2012. The financial information for the three and twelve months ended March 31, 2013 is not necessarily indicative of the results that may be expected for the year ended December 31, 2013, and should not be used as the basis for or prediction of an annualized calculation.

The information by business activity provided is based on the financial information which management use in monitoring the performance of the business and has not been prepared in accordance with Italian GAAP or any other accounting principles. As explained in "*Presentation of financial information*", in the future we may present our consolidated financial statements in accordance with IFRS, pursuant to which we may be required to present segment information. The segment information that we may be required to present in accordance with IFRS may differ from the information by business activity provided. Management believe that the information by business activity provided is useful in understanding the underlying trends of the different business activities.

The following summary *pro forma* financial information has been derived by applying *pro forma* adjustments to the Issuer's historical consolidated financial statements included elsewhere in this offering memorandum. The summary pro forma financial information gives effect to the Transactions as described in "*Use of proceeds*", as though they had occurred on April 1, 2012 for the *pro forma* income statement information and on March 31, 2013 for the *pro forma* balance sheet information. The unaudited *pro forma* adjustments and the unaudited *pro forma* financial information set forth in this offering memorandum are based on available information and certain assumptions and estimates that we believe are reasonable and may differ from actual amounts. The summary *pro forma* financial information is for informational purposes only and does not purport to present what our results would actually have been had these transactions occurred on the dates presented or to project our results of operations or financial position for any future period or our financial condition at any future date. See "*Presentation of financial information*".

This Summary Consolidated Financial Information contains certain Non-GAAP Financial Measures including "EBITDA", "Adjusted EBITDA", "Adjusted EBITDA margin", "Capital expenditures", "Net debt" and "ratio of Adjusted EBITDA and Net debt".

The Non-GAAP Financial Measures are not measurements of performance or liquidity under Italian GAAP or any other generally accepted accounting principles. Investors should not place any undue reliance on these Non-GAAP Financial Measures and should not consider these measures as: (a) an alternative to operating income or net income as determined in accordance with generally accepted accounting principles, or as measures of operating performance; (b) an alternative to cash flows from operating, investing or financing activities, as determined in accordance with generally accepted accounting principles, or as a measure of our ability to meet cash needs; or (c) an alternative to any other measures of performance under generally accepted accounting principles. These measures are not indicative of our historical operating results, nor are they meant to be predictive of future results. These measures are used by our management to monitor the underlying performance of the business and the operations. Since all companies do not calculate these measures in an identical manner, our presentation may not be consistent with similar measures used by other companies. Therefore, investors should not place undue reliance on this data.

Historically, we have prepared our consolidated financial statements in accordance with Italian GAAP. We may adopt IFRS for our consolidated financial statements in future years. In the event that we adopt IFRS, the Indenture requires us to report according to such standards, and the covenant calculations will be based on the relevant standards. Because there are significant differences between Italian GAAP and IFRS, if we were to prepare our financial statements on the basis of IFRS instead of Italian GAAP, there could be substantial differences in our results of operations, cash flows and financial position, including levels of indebtedness. In addition, our covenants may become more or less restrictive from time to time, depending upon the effect of the standards we adopt. See "*Annex A: Summary of certain differences between Italian GAAP as compared to IFRS*", "*Risk Factors—Risks Related to Our Business—We have not included IFRS financial information in this offering memorandum, and there may be differences between our financial position and our results of operations prepared in accordance with Italian GAAP and IFRS*" and "*Description of the Notes*".

This Summary Consolidated Financial Information should be read in conjunction with the financial statements included elsewhere in this offering memorandum and the notes thereto and the information set forth in "*Summary*", "*Business*", "*Use of Proceeds*", "*Capitalization*", "*Selected Consolidated Financial Information*", "*Management's discussion and analysis of financial condition and results of operations*", and "*Annex A—Summary of certain differences between Italian GAAP as compared to IFRS*".

SUMMARY CONSOLIDATED INCOME STATEMENT INFORMATION

	For the year ended December 31,		For the three months ended March 31,		For the twelve months ended March 31,
	2011	2012	2012 (Unaudited)	2013 (Unaudited)	2013 (Unaudited)
	(€ in thousands)				
Revenues	625,345	643,642	153,007	143,472	634,107
Other income	5,514	6,765	1,412	2,091	7,444
Total revenues and income	**630,859**	**650,407**	**154,419**	**145,563**	**641,551**
Cost of services	(534,755)	(521,332)	(125,758)	(111,713)	(507,287)
Other operating costs	(29,437)	(37,050)	(8,594)	(9,656)	(38,112)
Personnel expenses	(7,816)	(9,866)	(2,485)	(2,825)	(10,206)
Accruals and provisions	(4,172)	(8,241)	(462)	(1,709)	(9,488)
Purchases of materials, consumables and merchandise	(79)	(245)	(23)	(152)	(374)
Depreciation, amortization and impairments	(15,376)	(21,316)	(5,355)	(6,212)	(22,173)
Total costs	**(591,635)**	**(598,050)**	**(142,677)**	**(132,267)**	**(587,640)**
Operating profit	**39,224**	**52,357**	**11,742**	**13,296**	**53,911**
Net finance expenses and similar	(9,915)	(9,697)	(2,550)	(2,384)	(9,531)
Extraordinary income/(expenses)	(5,981)	(6,807)	(183)	50	(6,574)
Profit Before Tax (PBT)	**23,328**	**35,853**	**9,009**	**10,962**	**37,806**
Income tax	(9,918)	(14,302)	(3,856)	(4,118)	(14,564)
Profit for the period	**13,410**	**21,551**	**5,153**	**6,844**	**23,242**

SUMMARY CONSOLIDATED BALANCE SHEET INFORMATION

	As of December 31, 2011	As of December 31, 2012	As of March 31, 2013 (Unaudited)
	(€ in thousands)		
Property, plant and equipment	19,730	29,354	28,460
Goodwill	18,500	21,471	20,785
Intangible assets	128,596	124,805	120,613
Trade receivables	65,907	57,337	52,612
Cash at banks	1,042	3,310	9,478
Other current and non-current assets	61,313	93,606	91,894
Total assets	**295,088**	**329,883**	**323,842**
Non-current financial liabilities	110,306	101,390	93,671
Current financial liabilities	12,010	39,827	43,825
Other current and non-current liabilities	154,938	148,781	139,690
Total liabilities	**277,254**	**289,998**	**277,186**
Total equity	**17,834**	**39,885**	**46,656**
Total liabilities and equity	**295,088**	**329,883**	**323,842**

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS INFORMATION

	As of and for the year ended December 31, 2011	As of and for the year ended December 31, 2012	As of and for the three months ended March 31, 2012 (Unaudited)	As of and for the three months ended March 31, 2013 (Unaudited)
	(€ in thousands)			
Cash flows provided by operating activities	3,903	33,174	9,364	674
Cash flows provided by (used in) investing activities	(20,103)	(46,374)	(3,766)	10,251
Cash flows provided by (used in) financing activities	14,464	15,468	(5,195)	(4,757)
Increase (decrease) in cash at banks	(1,736)	2,268	403	6,168

CONTRIBUTION MARGIN BY BUSINESS ACTIVITY

The following table sets forth our contribution margin by business activity. "Contribution Margin" refers to the total revenues and income of the relevant business activity net of distribution network costs and other direct costs, which are directly attributable to the operations of the relevant business activity, before the intercompany elimination. Contribution Margin excludes indirect costs, which are related to overhead and general costs incurred for the overall operations of the Group.

	For the year ended December 31, 2011 (Unaudited)	For the year ended December 31, 2012 (Unaudited)	For the three months ended March 31, 2012 (Unaudited)	For the three months ended March 31, 2013 (Unaudited)	For the twelve months ended March 31, 2013 (Unaudited)
	(€ in thousands)				
VLT	38,642	69,643	14,802	18,121	72,962
AWP	37,837	29,675	8,153	7,636	29,158
Betting and Online	(1,690)	(2,068)	(196)	(136)	(2,008)
Gaming Halls	(60)	(56)	(58)	4	6
Eliminations	809	714	143	152	723
Total	**75,538**	**97,908**	**22,844**	**25,777**	**100,841**

OTHER FINANCIAL INFORMATION

	For the year ended December 31,		For the three months ended March 31,		For the twelve months ended March 31,
	2011	2012	2012 (Unaudited)	2013 (Unaudited)	2013 (Unaudited)
			(€ in thousands)		
EBITDA[1]	54,163	75,835	16,914	19,558	78,479
Adjusted EBITDA[2]	57,302	79,248	17,249	19,705	81,704
Adjusted EBITDA margin[3]	9.1%	12.2%	11.2%	13.5%	12.7%
Capital expenditures[4]	18,694	21,371	3,565	1,294	19,100
Net debt[5]	67,110	60,940	n/a	64,368	64,368
Ratio of Net debt to Adjusted EBITDA	1.2x	0.8x	n/a	n/a	0.8x

(1) We define EBITDA as profit for the period plus income tax, net finance expenses, impairment of financial assets, depreciation, amortization and impairments and extraordinary income / (expense). EBITDA is a Non-GAAP Financial Measure. The following is a calculation of EBITDA.

	For the year ended December 31,		For the three months ended March 31,		For the twelve months ended March 31,
	2011	2012	2012 (Unaudited)	2013 (Unaudited)	2013 (Unaudited)
			(€ in thousands)		
Profit for the period	13,410	21,551	5,153	6,844	23,242
Income tax	9,918	14,302	3,856	4,118	14,564
Net finance expense	9,781	9,666	2,550	2,384	9,500
Impairment of financial assets	134	31	—	—	31
Depreciation, amortization and impairments	15,376	21,316	5,355	6,212	22,173
Extraordinary (income)/expense	5,544	8,969	—	—	8,969
EBITDA	**54,163**	**75,835**	**16,914**	**19,558**	**78,479**

(2) We define Adjusted EBITDA as EBITDA adjusted for the effect of the extraordinary items and accruals to provisions for risks and charges. For an explanation of extraordinary items and accruals to provisions for risks and charges see "*Management's discussion and analysis of financial condition and results of operations—Description of Key Line Items and Certain Key Performance Indicators—Other operating costs*". The following is a calculation of Adjusted EBITDA for the periods indicated.

	For the year ended December 31,		For the three months ended March 31,		For the twelve months ended March 31,
	2011	2012	2012 (Unaudited)	2013 (Unaudited)	2013 (Unaudited)
			(€ in thousands)		
EBITDA	**54,163**	**75,835**	**16,914**	**19,558**	**78,479**
Extraordinary items[a]	437	(2,162)	183	(50)	(2,395)
Accruals to provisions for risks and charges[b]	2,702	5,575	152	197	5,620
Adjusted EBITDA	**57,302**	**79,248**	**17,249**	**19,705**	**81,704**

(a) Extraordinary items include non-recurring income of €2.9 million in 2012 relating to a one-off platform adjustment from recalculations relating to prior years and, for all periods, other non-recurring penalties, income and expense which, in accordance with Italian GAAP are classified as extraordinary items.

(b) Accruals and provisions primarily include: (i) accruals for penalties to AAMS amounting to €1.6 million in 2012 and €0.2 million in 2011 relating to additional PREU for 2010; (ii) accruals for penalties due to AAMS amounting to €1.3 million in 2012 and €0.2 million in 2011 relating to penalties payable by the distribution network for exceeding the number of terminals allowed per square meter; and (iii) other miscellaneous and sundry provisions.

(3) We define Adjusted EBITDA margin as Adjusted EBITDA divided by total revenues and income.

(4) Capital expenditure consists of investments for the period in property, plant and equipment and intangible assets as shown in our cash flows statement. Capital expenditure in 2012 does not include €8.7 million relating to the purchase of 37 gaming halls in 2012. The following is a breakdown of capital expenditure for the periods indicated.

	For the year ended December 31,		For the three months ended March 31,	
	2011	2012	2012 (Unaudited)	2013 (Unaudited)
			(€ in thousands)	
Intangible assets	242	6,729	608	368
Property, plant and equipment	18,452	14,642	2,957	926
Capital expenditures	**18,694**	**21,371**	**3,565**	**1,294**

(5) Net debt is the total consolidated debt of the Issuer, excluding amounts due under the Shareholder Loans and amounts due to other shareholders and net of cash at banks, investments in bonds and financial assets related to restricted cash in connection with concession agreements. The following table sets forth a breakdown of net debt.

	As of December 31,		As of March 31,
	2011	2012	2013 (Unaudited)[b]
		(€ in thousands)	
Bank borrowings	68,967	80,816	77,805
Other financing	865	384	306
Cash at banks	(1,042)	(3,310)	(9,478)
Financial assets[a]	(1,680)	(16,950)	(4,265)
Net debt	**67,110**	**60,940**	**64,368**

(a) Financial assets include (i) investments in bonds amounting to €1.7 million as of December 31, 2011 and €1.3 million as of both December 31, 2012 and March 31, 2013 (ii) restricted cash amounting to €15.7 million and €3.0 million as of December 31, 2012 and March 31, 2013, respectively.

(b) These amounts do not include the €31.4 million AAMS deposit refund the amount of which was formally confirmed to us by AAMS in March 2013 and paid on June 18, 2013. See "*Capitalization*".

Summary Pro Forma Financial Information

	As of and for the twelve months ended March 31, 2013
	(€ in thousands, except ratios)
Pro forma cash at banks[6]	68,213
Pro forma total debt[7]	200,307
Pro forma net debt[8]	96,409
Pro forma cash interest expense[9]	14,520
Ratio of pro forma net debt to Adjusted EBITDA[2]	1.2x
Ratio of Adjusted EBITDA[2] to pro forma cash interest expense	5.6x

(6) Pro forma cash at banks reflects the cash at banks of the Issuer on a consolidated basis, adjusted for the effects of the Transactions, comprised almost entirely by €68.2 million of the proceeds from the issuance of Notes available for general corporate purposes, including but not limited to, making opportunistic acquisitions or other capital investments from time to time. No adjustment has been made for the approximately €5.0 million paid after March 31, 2013 in connection with the pending acquisition of the 63 gaming halls.

(7) Pro forma total debt reflects the total debt of the Issuer on a consolidated basis, adjusted for the effects of the Transactions. Pro forma total debt includes €200 million from the Notes offered hereby and €0.3 million of other financial liabilities.

(8) Pro forma net debt reflects the net debt of the Issuer on a consolidated basis, adjusted for the effects of the Transaction. Pro forma net debt includes pro forma total debt of €200.3 million less pro forma cash at banks of €68.2 million, financial assets of €4.3 million (including €3.0 million of restricted cash relating to the UniCredit Guarantee) and the AAMS deposit refund of €31.4 million. Pro forma net debt does not account for the approximately €5.0 million paid after March 31, 2013 in connection with the pending acquisition of 63 gaming halls. See "*Capitalization*".

(9) Pro forma cash interest expense is comprised of the cash interest expense in connection with the issuance of the Notes as if it had occurred on April 1, 2012 and the cash interest expense on other financial liabilities.

Operating Information

VLT KPIs

	For the year ended December 31,		For the three months ended March 31,	
	2011	2012	2012	2013
Number of VLTs as of the year/period end	5,232	7,089	5,880	7,217
Average number of VLTs for the year/period	2,853	6,295	5,556	7,153
Total bet (in € millions)	1,747	3,218	714	913
Payout (as a percentage of bet)	91.6%	89.9%	90.3%	89.7%
Revenue/bet ratio(10)	6.8%	6.2%	6.1%	5.6%

(10) Revenue/bet ratio is calculated as revenues divided by bet and is expressed as a percentage. Revenue/bet ratio represents the portion of the bet that is converted into revenues.

AWP KPIs

	For the year ended December 31,		For the three months ended March 31,	
	2011	2012	2012	2013
Number of AWPs as of the year/period end	45,669	46,801	45,845	43,075
Average number of AWPs for the year/period	45,860	46,562	45,309	44,467
Total bet (in € millions)	3,819	3,158	804	737
Payout (as a percentage of bet)	75.0%	75.0%	75.0%	75.0%
Revenue/bet ratio(11)	13.0%	13.7%	13.2%	12.1%

(11) Revenue/bet ratio is calculated as revenues divided by bet and is expressed as a percentage. Revenue/bet ratio represents the portion of the bet that is converted into revenues.

Risk factors

This Offering involves a high degree of risk. You should carefully consider the risks described below as well as other information and data contained in this offering memorandum before making an investment decision. If any of the events described in the risk factors below occur, our business, financial condition and results of operations could be materially and adversely affected, which in turn could adversely affect our ability to repay the Notes. The risks described below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, financial condition and results of operations. In any such case, you may lose all or part of your investment in the Notes.

RISKS RELATED TO OUR BUSINESS

The industry in which we operate is highly regulated, and if we fail to comply with applicable laws and regulations, or if more stringent laws and regulations are introduced, our financial results could be adversely affected.

The Italian gaming industry in Italy is highly regulated by the *Agenzia delle Dogane e dei Monopoli,* formerly the *Amministrazione Autonoma dei Monopoli di Stato* ("**AAMS**"), the Italian gaming authority. AAMS determines, among other things, (i) which games may be operated and what amounts may be charged by operators, (ii) what level of winnings may be awarded, (iii) what level of compensation may be paid to concessionaires, (iv) the number of the points of sale and whether a given concession is exclusive or available to multiple concessionaires and (v) the minimum level of service. Concessionaires operating points of sale (e.g., gaming halls) must also obtain a police license and, if required by law and AAMS regulations, additional permits (such as authorizations and *nihil obstat*) for each point of sale. For a further description of the regulatory framework applicable to our business, see "*Regulation*".

We currently hold (including through Gamenet Scommesse S.p.A.) gaming concessions from AAMS and we are also subject to laws generally applicable to Italian businesses, including regulations relating to employment matters and special honorability requirements of our directors and officers. Our concessions require us to maintain and comply with certain covenants and other restrictions, including those related to our indebtedness, financial position and distribution of dividends. See "*Regulation*". Compliance with this regulatory framework requires significant investments in infrastructure and personnel. In addition, failure to comply with applicable laws and regulations could result in investigations and enforcement actions, our concessions or licenses not being renewed or being revoked, criminal sanctions, administrative fines or the separation, suspension or termination of our operations. In particular, if we are unable or fail to comply with AAMS's request that all concessionaires execute formal contracts with, among others, each of their third party retail partners, including owners and operators of AWPs and gaming hall managers by September 20, 2013 and provide copies thereof to AAMS upon request, we could face annual sanctions and administrative penalties of up to 11% of the compensation that we receive for the network connection services we provide for VLTs and AWPs for the year in which such violations occurred or are alleged to have occurred. See "*—We may be subject to an unfavorable outcome with respect to pending litigation, which could result in substantial damages or penalties and have a material adverse effect on our business, financial condition and results of operations*" and "*Regulation*". Renewing existing and applying for new licenses, concessions, permits and approvals can be costly and time consuming and there is no assurance of success. Any failure to renew or obtain any such license, concession, permit or approval could have a material adverse effect on our business, financial condition and results of operations. In addition, any changes in the legal or regulatory framework or other changes, such as an increase in the gaming or betting taxes, changes in the compensation paid to concessionaires or increases in the number of licenses, concessions or authorizations awarded to our competitors could materially affect our profitability. See "*—Changes to taxation or the interpretation or application of tax laws could have an adverse impact on our business, financial condition and results of operations*".

The legal requirements to which we are already subject may change, and we may become subject to new legislation. For example, the EU has been considering harmonizing regulation of online gaming among member states. In the future there may be new laws related to gaming, anti-money laundering, taxation requirements, employment and data privacy and protection, among others. For example, changes in law or regulation that have the effect of reducing the consideration paid to concession holders or increasing the number of licenses, authorizations or concessions awarded by AAMS to competitors, among other changes, could have a material adverse effect on our business, financial condition and results of operations.

Adverse or negative perceptions and publicity surrounding the gaming industry could lead to increased gaming regulation, which could adversely affect our business financial condition and results of operations.

The Italian gaming industry has recently been exposed to publicity relating to gaming behavior, gaming by minors, the presence of gaming machines in a large number of shops and risks related to online gaming. Adverse or negative perceptions and other concerns regarding the gaming industry, even if not directly connected to our business, could materially and adversely impact our business, financial condition and results of operations. For example, if a perception develops that the gaming industry is failing to address such concerns adequately, the resulting political pressure and public sentiment may result in increased regulation within our industry, which could materially and adversely affect our business, financial condition and results of operations.

Our business may be adversely affected by competition from other gaming operators and profitability per VLT may be reduced as the remaining 20% of industry-wide VLTs, including our VLTs, are rolled out.

The Italian gaming industry is highly fragmented and we face competition from a number of companies. See "*Industry overview—Competition*". Competition is expected to continue to intensify as new operators enter the market and existing operators improve and expand their product offering, including online gaming. Gaming and betting products are also susceptible to consumer trends and the improvement and expansion of product offerings by our competitors may attract customers away from our products and reduce our market share. The profitability of our VLTs may decrease as the remaining VLT rights in the Italian gaming market are rolled out by us and our competitors. As of December 31, 2012, approximately 80% of VLTs rights in Italy had been rolled out. There can be no assurance that our total bet per VLT will not decrease as the remaining VLT rights in the Italian gaming market are rolled out. There can also be no assurance that increased competition from other gaming operators, bookmakers and online operators, as well as from industry suppliers, in any segment of the Italian gaming industry will not have a material adverse effect on our business, financial condition and results of operations.

Changes in consumer preferences and behavior could harm our business.

Our gaming business is dependent on the appeal of our gaming offerings to our customers. Our gaming offerings compete with various other forms of gaming venues and opportunities, as well as other forms of entertainment such as television, Internet, social media and live events, and may lose popularity as new leisure activities arise or as other leisure activities become more popular. The popularity and acceptance of gaming is also influenced by the prevailing social mores, and changes in social mores could result in reduced acceptance of gaming as a leisure activity. We believe that the gaming market in Italy is now mature and is likely to stabilize or may slightly decline over the next few years. It is therefore critical that we are able to offer products that continue to appeal to consumers and there can be no assurances that we will be able to do so. The rapid expansion of Internet gaming may render our land-based products less desirable or oblige us to incur significant capital expenditures to meet customer demand. Even if we are able to satisfy changing consumer preferences, we may experience cannibalization in relation to some of our other product offerings. As has occurred to our AWP revenues with the increased roll out of VLTs, there can be no assurances that new gaming products offering higher payouts than VLTs will not be introduced in the future and this could have a material adverse effect on our business, financial condition and results of operations. The introduction of gaming products with a higher payout may attract customers that previously played games with a lower payout and therefore generated more revenues and income.

We are exposed to credit risk and may incur losses as a result of such exposure.

We rely on our partners and retailers to operate the points of sale in our distribution network. See "*Business—Our Retail Partner Relationships*". These partners and retailers are responsible for, among other things, collecting the cash at their respective point of sale and transferring the collections to us, net of their commission. The majority of such cash collections are transferred to us through our IT system that automatically credits our account. The obligations of partners and retailers to pay us are usually secured by bank sureties or security deposits. If a portion is not secured by bank sureties or security deposits or if we are unable to offset the breach of our partners and retailers obligations through our securities, we bear the risk that our partners and retailers will be unable to pay amounts due to us. Moreover, in the event that we do not receive payment, we remain liable to the Republic of Italy for the payment of related gaming taxes, which are a significant component of the revenues collected by the Group. To protect us against potential and related financial liability, we make and regularly adjust provisions for bad debt. In 2012, we made accruals to the provision for bad debt in the amount of €1.4 million, representing 0.2% of our total revenues and income in 2012. Despite the credit risk management procedures in place, we may not be able to limit our potential loss if a significant number of partners and retailers are unable to pay amounts due to us on a timely basis, which could have a material adverse effect on our business, financial condition and results of operations. See "*Business—Risk Management*".

We are subject to substantial penalties if we fail to perform under our concessions, and we are often required to post sizeable performance bonds.

Our concessions often require substantial performance bonds (in the form of a bank guarantee indemnifying AAMS) in the ordinary course of our business primarily to guarantee the payment of PREU to AAMS. These performance bonds require us to pay sizeable monetary liquidated damages in the event that we do not comply with our obligations in respect of a concession. As of March 31, 2013, our outstanding obligations under the guarantee to AAMS were equal to €82.8 million. See "*Management's discussion and analysis of financial condition and results of operations—Off Balance Sheet Arrangements*". These performance bonds are off-balance sheet items. While in the past we have not been subject to claims under performance bonds, these types of bonds and penalties present an on-going potential obligation for substantial cash out-flows. On July 15, 2013, we entered into an amended agreement with UniCredit, pursuant to which it guarantees to AAMS the payment of our taxes, concession fees and annual 0.5% of bet deposit. See "*Description of certain financing and guarantee arrangements—Bank Guarantees to AAMS on behalf of Gamenet*". Our obligations to UniCredit are secured by security that is not included in the Collateral for the Notes. See "*Description of the Notes—Restricted Subsidiaries and Unrestricted Subsidiaries; Other Secured Obligations of the Company*". In the case of a material breach of our obligations under our concessions, claims on performance bonds and the payment of liquidated damages could individually or in the aggregate have a material adverse effect on our business, financial condition and results of operations. In addition at each concession expiry date, we may not be able to renew our outstanding performance bonds on commercially favorable terms or at all. As such, extending the maturity of our existing performance bonds in the future could be significantly more expensive.

Liberalization or other changes in the regulatory framework may increase the number of competitors in the gaming industry, including competitors who are not required to comply with all requirements of the Italian regulatory framework.

Since 2001, the Italian gaming legislation has been challenged from time to time before the European Court of Justice. According to the European Court of Justice, national laws prohibiting collecting, taking, booking and forwarding offers of bets without a concession are permissible under Articles 43 EC ("freedom of establishment") and 49 EC ("freedom to provide services") only in certain cases, where a national court determines that such laws genuinely contribute to the objective of preventing criminal or fraudulent activities. Accordingly, both Italian courts and higher level courts have ruled that in certain cases, EU gaming operators authorized to operate in their home member state may begin operating in Italy without a concession (although a police license is still required). For example, Italian courts have permitted such EU gaming operators to commence operations in Italy without a concession where it is determined that the operator was unable to participate in the public tender for such concession due to restrictions put in place at the time of such tender that are found to be discriminatory against foreigner operators. As a result, several EU operators are active in the Italian gaming market without an AAMS concession. As such operators are permitted to act outside the Italian regulatory framework, they may be able to obtain a competitive advantage over Italian operators that hold an AAMS concession.

AAMS and the Italian legislature have taken certain steps in order to make Italian gaming legislation compliant with EU legislation and rulings and statements made by the European Court of Justice. For example, pursuant to Law No. 88/2009 (2008 Community Law), AAMS may grant gaming concessions to any gaming operator filing an application with AAMS and meeting certain legal requirements and economic conditions, without having to go through a public tender process. More recently, with the betting licenses tender procedure of July 2012, AAMS has continued the amendment process of the concession regime started in 2006 (with Bersani Decree—Law 248/2006) with the aim to further liberalize the gaming and betting industry. See "*Regulation*". Any change in the applicable regulatory regime that has the effect of further opening the Italian gaming market and increasing the number of competitors could have a material adverse effect on our business, financial condition and results of operations. Furthermore, should the EU courts determine that the recent efforts of AAMS and the Italian legislature to modify Italian gaming legislation to comply with the European Court of Justice rulings and statements are insufficient, operators that do not hold an AAMS concession may be able to continue to operate outside the Italian regulatory framework and even increase their activities, which could have a material adverse effect on our business, financial condition and results of operations.

Substantially all our revenues and income are derived from operations requiring concessions, which are of limited duration, and in certain cases, subject to early termination.

Under applicable Italian law, a concession is required in order to offer gaming products. We currently hold a number of key gaming concessions from AAMS. For example, we have a concession to operate VLT and AWP currently set to expire in March 2022, and betting and online concessions expiring in June 2016 and May 2021, respectively. Upon the expiration of our concessions, new concessions may be awarded to one or more parties through a competitive bidding process. Renewing concessions can be costly and time consuming, and while we have historically been able to renew our concessions, our concessions may not be renewed upon their expiration on favorable terms or at all. Any failure to renew or obtain any such concession could have a material adverse effect on our business, financial condition and results of operations.

New concessions may also be awarded on a trial basis, meaning that we could face penalties or that AAMS could revoke a concession within the first few years of its term, if certain conditions are not satisfied. In addition, our concessions are also subject to revocation upon the occurrence of certain events, which are different for each concession. Under certain circumstances, a concession could be revoked upon a change of control or if determined to be against the public interest. For example, our betting concession may be revoked by AAMS if we fail to meet certain legal requirements for sports and horse betting and, more generally, our concessions could be revoked by AAMS if we fail to pay the applicable fees to the regulatory authority or, in certain cases, if we fail to communicate to the regulatory authority certain changes in our corporate structure. In addition, we would not be entitled to recover our initial investment or receive compensation for loss of anticipated profits in in the event our concessions were terminated before their expiration as a result of a breach of terms. In addition, depending on the nature of the breach, AAMS could call due any performance bonds granted by us in connection with a concession agreement. Furthermore, the transfer of ownership of the concessions is, in general, prohibited or restricted and in any event, subject to AAMS authorization.

Even after we are awarded a concession, competitors may seek to challenge the validity of the concession. As a consequence of such challenges, we may be required to spend additional capital and management time defending such concessions, even if the challenges are without merit. Challenges to tender procedures or the award to us of any concession or other approval could result in the denial, termination or revocation of such concession or approval, which could have a material adverse impact on our business, financial condition and results of operations.

Acquiring concessions typically requires a significant upfront cash payment, and in future we may not have sufficient cash on hand or adequate access to additional capital to pay for new concessions.

In recent years, certain concessions in Italy have required a significant upfront payment. In the future, we may seek to obtain additional concessions. The cost of obtaining new concessions may increase and our ability to invest in new concession opportunities depends on our liquidity and access to new sources of capital to fund these investments. We may not have available cash and may not be able to access sources of capital on favorable terms or at all. Such occurrence could have a material adverse effect on business, financial condition and results of operations.

We are obligated to transfer certain assets upon the termination of gaming machine concessions, which could have a material adverse effect on our business, financial condition and results of operations.

Upon the termination or non-renewal of our gaming machine concessions, our concessions require us to transfer, free of charge, at the request of AAMS, ownership of certain assets that are part of the central system used to operate the concession, including software and data communication network technology. As of March 31, 2013, the book value of these assets, net of depreciation and amortization, totaled approximately €24.0 million.

We may be subject to an unfavorable outcome with respect to pending litigation, which could result in substantial damages or penalties and have a material adverse effect on our business, financial condition and results of operations.

We operate in a market with high levels of litigation. At present, we are party to several administrative and legal proceedings. In particular, in 2007 the Public Prosecutor of the Department of the State Auditor (the "**Public Prosecutor**") initiated formal administrative proceedings against us and the nine other original concessionaires of AWPs for allegedly failing to comply with certain obligations arising from our concession to act as an authorized network operator. Specifically, the Public Prosecutor alleged a delay in the launch of the online network, a delay in the activation of the network, a delay in the connection of the gaming machines to the online network and a failure to comply with certain minimum service levels because of an alleged delay in network responses to AAMS interrogations on gaming volumes. The Public Prosecutor claimed damages to the Italian treasury for the alleged loss of revenue. Furthermore, the Public Prosecutor initiated similar proceedings against AAMS, alleging that AAMS had been negligent in not claiming any of the penalties provided under the concessions in connection with the alleged violations. In turn, AAMS initiated separate legal proceedings against us and the nine other original concessionaires on the same grounds as the Public Prosecutor. We have not set aside any funds or reserves in the financial statements in respect of these two proceedings. For further information regarding this and other legal proceedings, see "*Management's discussion and analysis of financial condition and results of operations—Critical Accounting Estimates—Provisions for Risks and Charges*" and "*Business—Legal Proceedings*". A negative outcome in one or more of these proceedings could require us to pay substantial monetary damages or penalties and could have a material adverse effect on our business, financial condition and results of operations.

Changes to taxation or the interpretation or application of tax laws could have an adverse effect on our business, financial condition and results of operations.

Our business operations are subject to a number of taxes and fees, including value-added-tax (VAT) and specific gaming-related taxes calculated with reference to bet. The levels of taxation to which our operations are subject could increase in the future. For example, VAT increased from 20% to 21% in 2012 (a further increase to 22% is envisaged beginning in October 2013 and is currently under discussion within the Italian government). Taxation on VLTs, based on tax arrangements agreed in 2009 and 2011, increased from 2% to 4% in 2012 and from 4% to 5% as of January 1, 2013, respectively. Taxes on AWPs decreased from 12.5% in 2011 to 11.8% in 2012 and increased to 12.7% starting from January 1, 2013. See "*Regulation*". Changes in tax law or other laws supersede the terms of our concessions and we are not entitled to additional compensation to offset such changes during the life of a concession. Any such future increases in the levels of taxation, or the implementation of any new taxes to which our operations will be subject, could have a material adverse effect on our business, financial condition and results of operations. We are also subject to intercompany pricing laws, including those relating to the flow of funds among our Group companies pursuant to, for example, loan agreements, purchase agreements, licensing agreements or other arrangements. In addition, Italian tax law and its administration is a generally complex process that often requires taxpayers to make subjective determinations in relation to their application. Adverse developments in tax laws or regulations (including future Italian legislation, judicial or administrative changes or interpretations with respect to tax laws to which our business is subject) could have a material adverse effect on our business, financial condition and results of operations.

From time to time, we are subject to tax audits and investigations by the tax authorities. Such audits and investigations may be aimed at evaluating the correct interpretation and application (including under the perspective of general or specific anti-avoidance rules or of the interpretative judicial concept of "abuse of law" or "*abuso del diritto*") of direct tax and indirect tax laws to our present and past transactions, concerning our business in general and including our existing, as well as previously incurred, indebtedness, the Notes and existing and future intercompany loans. Therefore there can be no assurances that a challenge will not arise in relation to our compliance with tax laws and regulations relating to the tax treatment of our transactions and other business arrangements if we were subject to a tax audit by the relevant tax authorities. We may also fail to comply with tax laws inadvertently or through reasons beyond our control. If any of these circumstances were to occur, it could result in lengthy legal disputes and, ultimately, in the payment of substantial amounts of tax, interest and penalties, which could have a material effect on our business, financial condition and results of operations. In such cases, it may be necessary to defend our tax filings in court, if a reasonable settlement cannot be reached with the relevant tax authorities, and any ensuing litigation could be costly and distract management from the other affairs of our business. Tax audits and investigations by the competent tax authorities may generate negative publicity which could harm our reputation with customers, suppliers and counterparties.

Our business may be impacted by economic weakness and political uncertainty, particularly in Italy.

Global economic activity has undergone a sharp downturn since 2007. Global credit and capital markets have experienced volatility and disruption and business credit and liquidity have tightened significantly. Economists, observers and market participants have expressed concern regarding the sustainability of the European Union and its common currency, the euro, in their current forms.

Standard and Poor's downgraded the debt rating of Italy from "A" to "BBB+" with a "negative outlook" in January 2012. In the same month, Fitch Ratings downgraded its long-term credit assessment of Italy from "A+" to "A−" with a "negative outlook". Moody's also downgraded its sovereign debt rating of Italy from "A2" to "A3" with a "negative outlook" in February 2012, followed by a further downgrade to "Baa2" in July 2012, citing fragile market confidence and deterioration in Italy's near-term economic outlook. In November 2011 and in December 2011, Italy passed a €59.8 billion austerity package and an approximately €30 billion austerity package, respectively, that sought to achieve savings from a mixture of spending cuts and tax increases. Measures included sales of state property, a freeze on public sector salaries until 2014 and measures to fight tax evasion. Following parliamentary approval of the November 2011 package, Italy's Prime Minister, Silvio Berlusconi, resigned and was succeeded by Mario Monti. Prime Minister Monti continued this austerity program, but resigned in late December 2012. Subsequent elections in February 2013 did not result in any one political party garnering sufficient support to independently form a government. Citing the political uncertainty, Fitch Ratings further downgraded Italy from "A−" to "BBB+" in March 2013 with a "negative outlook". In April 2013, Giorgio Napolitano was reelected President of the Republic of Italy, and shortly thereafter he tasked newly-appointed Prime Minister Enrico Letta with forming a coalition government of both right-of-center, centrist and left-of-center parties. Certain of these economic and political developments have had a negative impact on Italy's growth. As a result of this, on July 9, 2013 Standard and Poor's further downgraded the debt rating of Italy from "BBB+" to "BBB" with a "negative outlook", reflecting its view as to Italy's increasing vulnerability to external financing risks and the negative implications these could have for economic growth and public finances. Any continued uncertainty in Italy could lead to further deterioration of economic market conditions thereof.

We operate only in Italy and therefore we may be more affected by economic weakness or uncertainty in Italy than some of our competitors with international operations. It is difficult to determine the breadth and duration of Italy's economic and financial market problems and their potential effects on demand for our products and our suppliers' products. Continuation or further worsening of these difficult financial and macroeconomic conditions could materially and adversely affect our business, financial condition and results of operations.

Our business may be sensitive to reductions in discretionary consumer spending, which is in turn affected by negative economic conditions. For example, economic contraction, economic uncertainty and the perception by our customers of weak or weakening economic conditions could cause a decline in the demand for entertainment in the forms of the gaming services that we offer. In addition, changes in discretionary consumer spending could be driven by factors such as an unstable job market, an increase in personal taxes or perceived or actual decline in disposable consumer income and wealth. Weakening economic conditions also impact our points of sale, and we have in the past, and may in the future need to increase the commissions we pay to point of sale owners in order to maintain their retail affiliation in difficult economic periods. Such events could have a material adverse effect on our business, financial condition and results of operations.

We depend on partners and retailers, as well as a number of third party suppliers, for the operation of our business, and problems with such partners, retailers or suppliers could adversely affect us.

We rely on our partners and retailers to operate the majority of the points of sale in our distribution network. We also rely on a number of third party suppliers who provide us with products and services. We do not control these partners, retailers and third party suppliers and we rely on them to perform their services in accordance with the terms of their contracts, which increases our vulnerability to problems with the products and services they provide. We may not be successful in recovering any losses which result from the failure of our partner, retailer or third party supplier to comply with their contractual obligations to us, and where a partner or retailer is operating under our brand, such failure may also negatively impact our reputation and level of consumer loyalty. Partners, retailers and third party suppliers may also seek to recover losses from us under indemnities or in respect of breaches of obligations or warranties under their agreements with us. Such events could have a material adverse effect on our business, financial condition and results of operations.

Our failure to successfully maintain and enhance our brand could materially and adversely affect our business, financial condition and results of operations.

Our success is dependent in part on the strength of our brand. We believe that we have a long-established, trusted and widely recognized brand and reputation in Italy and that our brand represents a competitive advantage in the development of our gaming operations. We also believe that our future success will depend on our ability to maintain and enhance the strength of our brand. In order to promote brand loyalty among our customers, we plan to increase the number of branded points of sale. See "*Business—Business Strategy*". We cannot assure you that this effort, or any of our other brand management initiatives, will be successful. If we are unable to maintain or enhance the strength of our brand, then our ability to retain or expand our customer base may be impaired, and our business, financial condition and results of operations may be adversely affected.

Illegal gaming may drain significant portions of gaming bet away from the regulated industry and materially and adversely affect our business, financial condition and results of operations.

A significant threat for the gaming industry stems from illegal activities, such as illegal AWPs and, more generally, all forms of gaming that circumvent public regulation, including offshore gaming. Such illegal activities drain gaming volumes away from the regulated industry. For example, illegal online poker and casino games take away a portion of those players that are the focus of our online gaming business. The loss of such players could have a material and adverse effect on our business, financial condition and results of operations.

Our failure to keep up with technological developments in online gaming or to continually develop our technological expertise, could adversely affect our business, financial condition and results of operations.

The market for online gaming products is characterized by rapid technological developments, frequent new product and service offerings and evolving industry standards. The emerging character of these products and services and their evolution requires us to use technology effectively, enhance our current products and services and continue to improve the performance, features and reliability of our technology and information systems. In addition, the widespread adoption of new Internet technology and higher standards could require us to commit significant funding to replace, upgrade, modify or adapt our existing technology and systems, which could negatively impact our business, financial condition and results of operations. From time to time we also need to replace certain of our information technology, which can be costly. Our exposure to this risk will increase to the extent we are able to grow our online operations.

The technology we are currently using may be rendered obsolete by new technology and more advanced systems introduced in the gaming industry. In addition, new technology we may adopt in the future could contain design flaws or other defects and require modifications, which could result in a loss of confidence by our customers in our products and services. Moreover, we depend on third-party technology providers for the development and maintenance of certain of our systems, and any failure to maintain relationships with such providers would negatively impact our business, financial condition and results of operations.

Our business depends on certain key persons and the loss of such persons, or difficulties in attracting new employees, may impact our business and our ability to implement current and future strategies.

Our success depends on certain key persons, including our senior management team. See *"Business—Competitive Strengths"* and "*Management*". If any of these key persons terminate their relationships with us, we may not be able to replace them on a timely basis with other professionals capable of making comparable contributions to our business. In addition, we may loose or have difficulties in recruiting gaming hall managers because of our current policy of requesting that our gaming hall managers provide certain guarantees. See "*Management's discussion and analysis of financial condition and results of operations—AWP revenues*".

In 2012, the Prosecutor of the Court of Rome (the "Prosecutor") commenced an investigation (by a formal notice "avviso di garanzia") of our chief executive officer under Article 2 and Article 10-quarter of Legislative Decree No. 74 of March 10, 2000 (the "Legislative Decree") which might result in criminal charges being brought against him. The allegations relate to a supply of goods contract that would have allegedly brought undue tax advantages to a company where our chief executive office was previously employed. Our chief executive officer has advised us that he believes that such contracts were entered into and carried out in good faith and in the normal course of business. In connection with the Prosecutor's investigation, our chief executive officer has promptly cooperated with the Prosecutor. If our chief executive officer were to be indicted for a crime under Article 2 and/or 3 of the Legislative Decree and therefore not be able to satisfy the honorableness requirements for directors of companies, including Gamenet, our chief executive officer has represented to us that he would resign as chief executive officer and as a member of our board of directors in order to seek to limit the risk of adverse consequences in respect of our business. Based upon the information available to us, we have no reason to believe that any criminal acts were committed by our chief executive officer nor are aware of any negative developments implicating Gamenet from such investigation. There can be no assurance that the Prosecutor will not bring criminal charges against our chief executive officer and if so whether such charges would not adversely affect our reputation with Italian regulatory authorities and business and financial partners. See "*Regulation—Honorability requirements for Concessionaires*" and "*Management—Pending Investigation of Our Chief Executive Officer*".

Our business prospects and future success rely upon the integrity of our employees and executives and the security of our systems.

The real and perceived integrity and security of our employees, executives and systems is critical to our ability to attract customers and comply with applicable regulations. We strive to set high standards of personal integrity for our employees and maintain high system security for the games that we provide to our customers. Our reputation in this regard is an important factor in our business dealings with governmental agencies, our business partners and our customers. Accordingly, a finding of improper conduct on our part, or on the part of one or more of our current or former employees or another related party, or a system security defect or failure, or an allegation of such conduct that impairs our reputation, could result in civil or criminal liability and could have a material adverse effect on our business, financial condition and results of operations including our ability to retain or renew existing concessions and licenses or obtain new concessions and licenses.

The tender process and the award of concessions by public authorities involve risks associated with fraud, bribery of officials involved in the tender process and corruption or allegations thereof. Although we maintain internal monitoring systems, we may be unable to detect or prevent every instance of fraud, bribery and corruption involving our employees or agents. We may therefore be subject to civil and criminal penalties and suffer reputational damage as a result of such occurrences. Proceedings and convictions, even if not definitive (i.e., subject to further appeal), with regard to certain crimes including, *inter alia*, bribery and corruption may render us ineligible to maintain our awarded concessions or to participate in future public tenders to acquire or renew concessions. The involvement or association of our employees or agents in fraud, bribery or corruption and other crimes committed in relation to our activities or otherwise, or allegations or rumors relating thereto, could have a material adverse effect on our business, financial condition and results of operations. In addition, in reaction to such matters, AAMS could seek to exercise its discretionary powers to limit or even revoke our concessions or take other measures against our business if we fail to maintain a relationship of trust with AAMS. See "*Regulation—Honorability Requirements for Concessionaires*".

We may make acquisitions that prove unsuccessful or strain or divert our resources.

We intend to focus on the downstream expansion of our retail network by increasing the number of gaming halls, and have incurred (and will continue to incur) capital expenditures, in connection with our acquisition of 37 gaming halls in 2012 and 63 gaming halls in 2013. See "*Management's discussion and analysis of financial condition and results of operations*" and "*Business—Business Strategy*". We intend to grow our business in part by leasing the real estate in which selected gaming halls in our distribution network are currently located, as well as acquiring, in our name, the police license required by public safety laws necessary for the operation of each gaming point of sale in Italy. For additional information on licensing requirements for points of sale, see "*Regulation—Conditions to Carry Out a Gaming Activity*". For example, we have recently acquired the leases and required authorizations for 63 additional gaming halls. See "*Business—Business Strategy*". We may also consider making other acquisitions to further support our growth and profitability. Successful growth through future acquisitions is dependent upon our ability to identify suitable acquisition targets, conduct appropriate due diligence, negotiate transactions on favorable terms, obtain required licenses and authorizations, and ultimately complete such acquisitions and integrate them into our group. If we make acquisitions, we may not be able to generate expected margins or cash flows, or realize the anticipated benefits of such acquisitions, including growth or expected synergies. Our assessments of and assumptions regarding acquisition targets may prove to be incorrect, and actual developments may differ significantly from our expectations. We may not be able to integrate acquisitions successfully and such integration may require more investment than we expected, and we could incur or assume unknown or unanticipated liabilities or contingencies with respect to customers, employees, suppliers, government authorities or other parties. The process of integrating acquisitions may also be disruptive to our operations, as a result of, among other things, unforeseen legal, regulatory, contractual and other issues, difficulties in realizing operating synergies or a failure to maintain the quality of services that we have historically provided which could cause our results of operations to decline. Moreover, any acquisition may divert management's attention from our day to day business and may result in the incurrence of additional debt. Should any of the above occur in connection with an acquisition, our business, financial condition and results of operations could be materially and adversely affected.

We may fail to detect money laundering or fraudulent activities of our customers, which may adversely affect our reputation, business, financial condition and results of operations.

We are exposed to the risk of money laundering and fraudulent activities by our customers and third parties (including criminal organizations), as well as the potential collusion between online gaming customers. We have implemented internal control systems that monitor unusual transaction volumes or unusual transaction patterns and screen the personal details of our customers, but these systems may not always succeed in protecting us and our customers from money laundering and fraud. In addition, we are subject to Italian Legislative Decree No. 231 of June 8, 2001, as amended, on corporate crimes, including breaches of anti-money laundering provisions. To the extent we are not successful in protecting ourselves or our customers from money laundering or fraud, or if we fail to comply with the applicable regulations, we and our directors could be subject to criminal sanctions or administrative and civil fines and could directly suffer loss, the revocation of concessions and licenses, operational bans, or lose the confidence of our customer base, all of which could have a material adverse effect on our reputation, business, financial condition and results of operations.

Our failure to comply with regulations regarding the use of personal customer data could subject us to lawsuits or result in the loss of goodwill of our customers and adversely affect our business and financial condition.

We process sensitive personal data on customers and retail shop owners (including name, address, age, bank details and betting and gaming history) as part of our online business and therefore must comply with strict data protection and privacy laws in Italy and the European Union. Such laws restrict our ability to collect and use personal information relating to customers and potential customers, including the marketing use of that information. Notwithstanding such efforts, we are exposed to the risk that data could be wrongfully appropriated, lost or disclosed, or processed in breach of data protection regulation, by us or on our behalf. If we, or any of the third-party service providers on which we rely, fail to transmit customer information in a secure manner, or if any such loss of personal customer data were otherwise to occur, we could face liability under data protection laws. We are also exposed to the risk that the personal data we control could be wrongfully accessed or used, whether by employees or third parties, or otherwise lost or disclosed or processed in breach of applicable data protection law. These failures could result in the loss of the goodwill of our existing customers and deter new customers from using our services, which would have a material adverse effect on our business, financial condition and results of operations.

Forthcoming changes to the wider EU data protection regime may also impact our operations. These changes may be implemented through a new European General Data Protection Regulation ("**GDPR**"), which may ultimately replace the current European Data Protection Directive. The GDPR, in its current draft form, will increase both the number of and the restrictive nature of the obligations binding on us for the collection and processing of personal data. In particular, the draft GDPR contains more onerous consent requirements, rights for individuals to object to direct marketing, an individual "right to be forgotten" which would require us to permanently delete a user's personal data in certain circumstances, and other requirements to implement internal processes and controls and compulsory data breach notification (which would require us to promptly notify both the applicable national regulator and any individuals affected by a data breach). The GDPR is currently in draft form and is likely to undergo various changes during the legislative process, which may take years to complete. However, if the provisions of the current draft become binding law, we may be required to make significant changes to the way we collect, process and store personal data, which could be costly.

The technological solutions we have in place to block access to our online services by players in certain jurisdictions may prove inadequate, which may harm our business and expose us to liability.

Historically, the gaming industry has been regulated at a national level, and currently there is no international gaming regulatory regime. Although the regulatory regime for land-based gaming operations is well established in many countries, the gaming laws in such countries may not necessarily have been amended to take account of the Internet and the ability to offer gaming services online. As a result, there is uncertainty as to the legality of online gaming in a number of countries. In the United States, for example, the offer of gaming products and services online is illegal in most states. We have systems and controls in place seeking to ensure that we offer gaming products via the Internet to Italian residents only and that we exclude access to our system from certain jurisdictions, such as the United States. The systems and controls include monitoring and analyzing information provided by potential customers, including registered addresses, methods of customers' payment and specific registration procedures (for example, access to our online betting system is permitted only to customers who have completed a registration process and can provide an Italian residence address and an Italian Fiscal Code) against a registry maintained by SOGEI and AAMS, as well as a geo-locator filtering technology that identifies the location of users logging onto our websites. Despite the adoption of these measures, our procedures may not be effective. A court or other governmental authority in any jurisdiction could take the position that our systems and controls are inadequate, either currently or as a result of technological developments affecting the Internet, or that our current or past business practices in relation to such jurisdiction violated applicable law. If any such actions were brought against us or our management, whether successful or not, we could incur considerable legal and other costs and management's time and resources may be diverted. Furthermore, any resulting dispute could damage our reputation and brand and have a material adverse effect on our business, financial condition and results of operations.

Although we seek to comply with and monitor the relevant laws and regulations, we are also exposed to the risk that jurisdictions from which our advertisements may be accessed via the Internet may have conflicting laws and regulations (or interpretations of such laws and regulations) with regard to the legality or appropriate regulatory compliance of our activities. Accordingly, we may be subject to the application of existing or potential laws and regulations, fees or levies in jurisdictions in which our advertisements can be accessed via the Internet. Any such laws, regulations, fees or levies may have a material adverse effect on our business, financial condition and results of operations. Our exposure to this risk will increase to the extent we are able to grow our online operations.

Our information technology systems may be vulnerable to hacker intrusion, malicious viruses and other cyber crime attacks, which may harm our business and expose us to liability.

The games and betting offered at our points of sale depend to a great extent on the reliability and security of our information technology system, software and network, which are subject to damage and interruption caused by human error, problems relating to the telecommunications network, software failure, natural disasters, sabotage, viruses and similar events. Any interruption in our systems could have a negative effect on the quality of products and services offered and, as a result, on consumer demand and therefore volume of sales. As we also offer online access to games and betting, such services may be subject to attack by hackers or experience other network interruptions that interfere with the provision of service and thereby subject us to liability for losses by players or to fines from the applicable governmental authorities for failure to provide the required level of service under our concessions.

Our intellectual property could be subject to infringement by third parties or claims of infringement of the rights of third parties, which could adversely affect our business, financial condition and results of operations.

We regard our copyright, trademarks, domain names, trade secrets, customer databases and similar intellectual property as critical to our success. We rely on a combination of copyright and trademark laws, trade secret protection, confidentiality and non-disclosure agreements and other contractual provisions in order to protect our intellectual property. These efforts may not be adequate, and third parties may infringe or misappropriate our proprietary rights. For example, consultants, vendors, former employees and current employees may breach their obligations regarding non-disclosure and restrictions on use. In addition, intellectual property laws in Italy and other jurisdictions may afford differing and limited protection, may not permit us to gain or maintain a competitive advantage, and may not prevent our competitors from duplicating our products or gaining access to our proprietary information and technology. In addition, anyone could seek to challenge, invalidate, circumvent or render unenforceable any of our intellectual property. Such claims, whether or not valid, could require us to spend significant sums in litigation, pay damages, re-brand or re-engineer services, acquire licenses to third party intellectual property and distract management attention from the business, which may have a material adverse effect on our business, financial condition and results of operations.

In addition, we license intellectual property rights from third parties such as Ongame in connection with our online platform. If such third parties do not properly maintain or enforce the intellectual property rights underlying such licenses, or if such licenses are terminated or expire without being renewed, we could lose the right to use the licensed intellectual property, which could adversely affect our competitive position.

Italian tax legislation may restrict the deductibility of all or a portion of the interest expense on our indebtedness, including interest expense in respect of the Notes.

Current tax legislation in Italy (Article 96 of Presidential Decree No. 917 of December 22, 1986, as amended and restated) allows for the full tax deductibility of interest expense incurred by a company in each fiscal year up to the amount of the interest income of the same fiscal year, as evidenced by the relevant annual financial statements. A further deduction of interest expense in excess of this amount is allowed up to a threshold of 30% of the EBITDA of an Italian tax resident company *(i.e., risultato operativo lordo della gestione caratteristica)* ("**ROL**") as recorded in such company's profit and loss account. The amount of ROL not used for the deduction of the amount of interest expense that exceeds interest income can be carried forward, increasing the amount of ROL for the following fiscal years. Interest expense not deducted in a relevant fiscal year can be carried forward to the following fiscal years and deducted, provided that and to the extent that, in such fiscal years, the amount of interest expense that exceeds interest income is lower than 30% of ROL. In the case of a tax group, interest expense not deducted by an entity within the tax group due to lack of ROL can be deducted at the tax unity level, within the limit of the excess of ROL of the other companies within the tax group. This 30% threshold applies to the Italian subsidiaries of the Issuer.

In addition, Article 3(115) of Law No. 549 of December 28, 1995 sets forth certain limitations to the deductibility of interest expense arising from bonds or notes issued by Italian companies other than banks or listed companies. However, under the provisions of Article 32 of Law Decree No. 83 of June 22, 2012, interest on the Notes is deductible to the extent mentioned above provided that the Notes are listed for trading (*negoziati*) on a regulated market or on a multilateral trading platform of a Member State of the European Union and of the States of the European Economic Area included in the approved list provided for by Article 168-bis of Presidential Decree No. 917 of December 22, 1986. For more information, see "*—Risks Related to the Notes—No assurance can be given that the Notes will be listed or that, once listed, such listing will be maintained or that such listing will satisfy the listing requirement of Article 32(8) of Law Decree No. 83 of June 22, 2012 and Decree 239*".

Furthermore, *inter alia*, under Article 110 (10) of Decree No. 917/1986, the deductibility of expenses paid to non-Italian resident investors which are resident in a country not included in the white list provided for by Article 168-bis of Decree No. 917/1986 could suffer certain limitations.

In addition, there can be no assurance that in case of a tax audit, the relevant tax authorities would not try to challenge the deductibility of interest expenses arising in connection with the component of any financing used, in whole or in part, to refinance an outstanding loan, when the terms and conditions of the refinancing transaction appear less favorable than the ones of the previous financing transaction. In particular, in such circumstances the relevant tax authorities could argue that the interest expenses arising from such financing does not relate to the business of the borrowing entity (as the relevant transaction is deemed as "anti-economic" and as such not compliant with the "inherence" principle set out under Italian tax law). In this respect, valid defensive arguments exist to the extent the taxpayer may demonstrate that the transaction as a whole is based on rational and economic reasons and finalized to generate an utility (in terms of overall economic benefit) for the company, even in a future perspective.

Moreover, (i) any future changes in Italian tax laws or in their interpretation or application (including any future limitation on the use of the ROL of the Issuer and its subsidiaries), or (ii) the tax treatment of interest expense arising from any indebtedness, including the Notes, the failure to satisfy the applicable legal requirements relating to the deductibility of interest expense or (iii) a change in the interpretation and application by Italian tax authorities of Italian tax law may result in our inability to fully deduct our interest expense, which may have an adverse impact on our financial condition.

Furthermore, if the Italian tax authorities were to successfully challenge the use of proceeds from the Offering to make a refinancing under the "inherence" principle, we may be unable to fully deduct our interest expenses or be subject to significant penalties or other consequences that could have a material adverse effect on our financial condition and results of operations or on our ability to service or otherwise make payments on the Notes and our other indebtedness. For more information, see "*—Risks Related to Our Business—Changes to taxation or the interpretation or application of tax laws could have an adverse impact on our business, financial condition and results of operations*".

We have not included IFRS financial information in this offering memorandum, and there may be differences between our financial position and our results of operations prepared in accordance with Italian GAAP and IFRS.

Our consolidated financial statements included in this offering memorandum are based on Italian GAAP, which differs in certain respects from IFRS. We have not presented a reconciliation of our financial statements to IFRS in this offering memorandum. We may adopt IFRS for our consolidated financial statements in future years. Because there are differences between Italian GAAP and IFRS, if we were to prepare our financial statements on the basis of IFRS instead of Italian GAAP, there could be substantial differences in our results of operations, cash flows and financial position, including levels of indebtedness.

If we adopt IFRS, the Indenture requires us to report according to such standards, and the covenant calculations will be based on the relevant standards, subject to certain exceptions relating to the treatment of leases. There could be significant differences in our reported results between our newly adopted standards and Italian GAAP. We will not be required to reconcile these differences. In addition, our covenants may become more or less restrictive from time to time, depending upon the effect of the standards we adopt. This could result in our being able to take actions that might be to your detriment, such as incurring greater amounts of debt than would otherwise have been possible, or not being able to take actions that would otherwise be to your benefit, such as making investments. See "*Annex A: Summary of certain differences between Italian GAAP as compared to IFRS*" and "*Description of the Notes*".

RISKS RELATED TO OUR STRUCTURE

The Notes will be structurally subordinated to the liabilities of the subsidiaries of the Issuer.

The subsidiaries of the Issuer will not guarantee the Notes. The subsidiaries of the Issuer comprised 4.6% of our total assets as of March 31, 2013 and represented 1.8% and (1.1%) of our total revenues and income and Adjusted EBITDA, respectively, for the twelve months ended March 31, 2013. After giving effect to the Transactions, the subsidiaries of the Issuer would have had €0.3 million of financial indebtedness and €4.1 million of other liabilities outstanding as of March 31, 2013.

The agreements governing the Notes will, subject to specified limitations, permit our subsidiaries to incur additional indebtedness and will not contain any limitation on the amount of other liabilities, such as trade payables, that they may incur. Our subsidiaries will not have any obligations to pay amounts due under the Notes or to make funds available for that purpose. Generally, holders of indebtedness of, and trade creditors of, our subsidiaries, including lenders under bank financing agreements, are entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer, as a direct or indirect shareholder and the creditors of the Issuer (including the holders of the Notes) will have no right to proceed against the assets of such subsidiary. As such, the Notes will be structurally subordinated to the creditors (including trade creditors) and any preferred stockholders of our subsidiaries, unless such subsidiaries provide a guarantee in favor of the Notes.

The interest of our principal shareholders may conflict with the interests of the holders of the Notes.

Funds advised or managed by Trilantic control the Issuer. See *"Principal Shareholders"*. As a result, Trilantic has, and will continue to have, directly or indirectly, the power to affect, among other things, our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and to approve other changes to our operations. In addition, for compliance with certain restrictive covenants, we will depend upon the cooperation of our principal shareholder who has the power to affect compliance with such covenants. The interests of Trilantic and its respective affiliates could conflict with the interests of the holders of the Notes, particularly if we encounter financial difficulties or are unable to pay our debts when due. Trilantic may also have an interest in pursuing divestitures, financings or other transactions that in their judgment could enhance their equity investments, although such transactions might involve risks to holders of the Notes. In addition, Trilantic and its affiliates may, in the future, own businesses that compete with our businesses or do business with us.

RISKS RELATED TO THE NOTES

Our leverage and debt service obligations could adversely affect our business.

We are leveraged and have debt service obligations. As of March 31, 2013, after giving effect to the Transactions, the principal amount of our total debt would have been €200.3 million (including €200.0 million of Notes and €0.3 million under other financial liabilities). We anticipate that our leverage will continue for the foreseeable future. Our leverage could have important consequences to holders of the Notes, including:

- making it more difficult for us to satisfy our debt obligations;
- increasing our vulnerability to a downturn in our business or economic and industry conditions;
- limiting our ability to obtain additional financing to fund future working capital requirements, capital expenditures, business opportunities and other corporate requirements;
- requiring the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, our indebtedness, which means that this cash flow will not be available to fund our operations and for other corporate purposes; and
- limiting our flexibility in planning for, or reacting to, changes in our business, the competitive environment and our industry.

We may incur substantial additional debt in the future which could mature prior to the Notes. Although the Indenture will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with those restrictions could be substantial. In addition, the Indenture will not prevent us from incurring obligations that do not constitute indebtedness under those agreements. The incurrence of additional debt would increase the leverage-related risks described in this offering memorandum.

The Issuer is subject to restrictive debt covenants that may limit the Group's ability to finance its future operations and capital needs and to pursue business opportunities and activities

The Indenture will restrict, among other things, the Issuer's and its subsidiaries' ability to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- layer debt;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of such entity;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to and on the transfer of assets to such entity;
- sell, lease or transfer certain assets, including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;

➤ enter into unrelated businesses or engage in prohibited activities;

➤ consolidate or merge with other entities; and

➤ impair the security interest for the benefit of the holders of the Notes.

In addition, the Issuer will be subject to additional covenants with respect to its ability to engage in certain activities. All of these limitations will be subject to significant exceptions and qualifications. See "*Description of the Notes—Certain Covenants*". The covenants to which the Issuer and its subsidiaries are subject could limit their ability to finance the Group's future operations and capital needs and the Group's ability to pursue business opportunities and activities that may be in its interest.

We require a significant amount of cash to service debt and for other general corporate purposes and our ability to generate sufficient cash depends on many factors beyond our control.

Our ability to make payments on our debt and to fund working capital and product development, renew concessions and make any acquisitions and capital expenditures will depend on our future operating performance and ability to generate sufficient cash. This depends, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control, as well as the other factors discussed in these "Risk Factors" and elsewhere in this offering memorandum.

Our business may not generate sufficient cash flows from operations and additional debt and equity financing may not be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs. The ability to refinance our debt may depend on stable loan or debt capital markets. For a discussion of our cash flows and liquidity, see "*Management's discussion and analysis of financial condition and results of operations—Liquidity*". In addition, the Indenture will permit us to make certain dividends, distributions or other payments to our shareholders, to make regularly scheduled cash interest payments on our debt (or any refinancing indebtedness in respect thereof) as well as the repurchase or retirement for value of such indebtedness in exchange for, or out of the proceeds of, subordinated indebtedness incurred by the Issuer or its restricted subsidiaries in compliance with the Indenture.

On June 18, 2013, subject to the successfull completion of the offering of the Notes, our Board of Directors adopted a policy requiring the Company to maintain at least €20 million of liquidity to satisfy its working capital needs. There will be no covenant in the Indenture requiring the Company to maintain this liquidity policy for so long as the Notes are outstanding and therefore, the board of directors may decide to change or revoke this policy in its entirety at any time.

If our future cash flows from operations and other capital resources are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to: reduce or delay our business activities, research and development and capital expenditures; sell assets; obtain additional debt or equity financing; or restructure or refinance all or a portion of our debt, including the Notes, on or before maturity. We may not be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of our debt, including the Notes and the Indenture, limit, and any future debt that we may incur could limit, our ability to pursue any of these alternatives. Any failure to make payments on the Notes on a timely basis would likely result in a reduction of our credit rating, which could also harm our ability to incur additional indebtedness. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business, financial condition and results of operations.

Future liquidity and cash flow difficulties could prevent us from repaying the Notes when due or repurchasing the Notes when we are required to do so pursuant to certain events constituting a change of control or otherwise, and the change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events.

At final maturity of the Notes, or in the event of acceleration of the Notes following an event of default, the entire outstanding principal amount of the Notes will become due and payable. In addition, upon the occurrence of certain events constituting a change of control, holders of the Notes may in certain circumstances require the Issuer to make an offer to purchase the Notes at a purchase price equal to 101% of the principal amount, plus accrued but unpaid interest and additional amounts, if any, to the purchase date. See "*Description of the Notes—Change of Control*". The Issuer may not have sufficient funds or may be unable to arrange for additional financing to pay these amounts when they become due.

The Issuer's failure to repay holders tendering Notes upon the occurrence of a change of control event would result in an event of default under the Notes. If a change of control event were to occur, we cannot assure you that we would have sufficient funds to repay our outstanding indebtedness which we would be required to prepay or offer to purchase or that became immediately due and payable as a result. We may require additional financing from third parties to fund any such purchases and we cannot assure you that we would be able to obtain financing on satisfactory terms or at all. The repurchase of the Notes pursuant to such an offer could cause a default under other indebtedness, even if the change of control itself does not.

The change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including reorganization, restructuring, merger or other similar transaction involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "change of control" as defined in the Indenture. Except as described under "*Description of the Notes—Change of Control*", the Indenture does not contain a provision that require us to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

In addition, the occurrence of certain events that might otherwise constitute a change of control under the Indenture will be deemed not be a change of control if at the time our consolidated leverage ratio is less than certain specified levels. See "*Description of the Notes—Change of Control*" and "*Description of the Notes—Certain Definitions—Specified Change of Control Event*".

The definition of "change of control" contained in the Indenture will include a disposition of all or substantially all of the assets of the Issuer and its restricted subsidiaries (if any), taken as a whole, to any person. Although there is a limited body of case law interpreting the phrase "all or substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the assets of the Issuer and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

The holders of the Notes may be limited in their ability to take enforcement action in respect of the Collateral.

The Indenture will provide that, to the extent permitted by applicable law, only the Security Agent has the right to enforce the security documents relating to the Collateral on behalf of the Trustee and the holders of the Notes. As a consequence of such contractual provisions, holders of the Notes will be barred from taking enforcement action in respect of the Collateral securing the Notes, except through the Trustee under the Indenture, who will (subject to the provisions of the Indenture and the provisions of the Security Documents) provide instructions to the Security Agent in respect of the Collateral. See "*Description of the Notes—Security*".

The security interests in the Collateral may be restricted by Italian law.

It is uncertain and untested in the Italian courts whether, under Italian law, security can be created and perfected (i) in favor of creditors (such as the holders of the Notes) which are neither directly parties to the relevant security documents nor are specifically identified therein or in the relevant share and warrant certificates and corporate documents or public registries; and (ii) in favor of The Law Debenture Trust Corporation p.l.c. as the Trustee of the Notes, since there is no established concept of "trust" or "trustee" under Italian law and the precise nature, effect and enforceability of the duties, rights and powers of the Trustee as agent or trustee for holders of the Notes under security interests on Italian assets is debatable under Italian law.

To address the above potential issue, the Collateral will be created and perfected in favor of the Trustee acting also in its capacity as common representative (rappresentante comune) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code. However, please note that the enforceability of Italian law security granted in favor of a trustee acting as trustee and common representative (rappresentante comune) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code has not been tested in the Italian courts and, therefore, the risk of unenforceability by the holders of the Notes of the security documents posed by Italian law cannot be eliminated or mitigated. Furthermore, to date, the Italian courts have not considered whether a common representative (*rappresentante comune*) may be validly appointed by means of a contractual arrangement (such as the Indenture) and the validity and enforceability of such appointment may not be upheld by a court.

Further, under Italian law, in the event that the Issuer enters into insolvency proceedings, the security interests created under the security documents entered into to secure the Issuer's obligations under the Notes could be subject to potential challenges by an insolvency administrator or by other creditors of the Issuer under the rules of avoidance or claw back of Italian insolvency laws and the relevant law on the non-insolvency avoidance or claw back of transactions by the debtor made during a certain legally specified period (the "**suspect period**"). In this regard, a longer period might apply to any Collateral governed by Italian law which may be granted after the issuance of the Notes.

Moreover, under Italian law, claims of certain categories of creditors (*creditori privilegiati*) are given statutory priority in relation to the proceeds of a debtor's property in respect to the claims of other creditors. For a more detailed description of various limitations on the security under Italian law and certain Italian insolvency law considerations, see "*Limitations on validity and enforceability of the security interests and certain insolvency law considerations*".

The rights of holders of the Notes in the Collateral may be adversely affected by the failure to perfect security interests in the Collateral.

Under Italian law, a security interest in certain tangible and intangible assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor of the security. The liens in the Collateral may not be perfected with respect to the claims of the Notes if we fail or the Trustee or the Security Agent fails or is unable to take the actions required to be taken to perfect any such liens. Such failure may result in the invalidity of the relevant security interest in the Collateral or adversely affect the priority of such security interest in favor of the Notes against third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral.

The granting of the security interests in the Collateral and the undertaking of a Permitted Reorganization may create hardening periods for such security interests in accordance with Italian law.

The granting of new security interests in connection with the issuance of the Notes may create hardening periods for such security interests; see "*Limitations on validity and enforceability of the security interests and certain insolvency law considerations*". Additionally, if shareholders decide to affect the Permitted Reorganization as described under "*Business—Business Strategy—Permitted Reorganization*", there can be no assurances that this will not create new hardening periods for the Collateral. The applicable hardening period for these new security interests will run as from the moment each new security interest has been granted, perfected or recreated. At each time, if the security interest granted, perfected or recreated were to be enforced before the end of the respective applicable hardening period, it may be declared void and/or it may not be possible to enforce it. In addition, the granting of a shared security interest to secure future indebtedness or the transfer or the assignment of the security interest may restart or reopen hardening periods. The applicable hardening period may run from the moment such new security is amended, transferred, assigned, granted or perfected. If the security interest granted were to be enforced before the end of the respective applicable hardening period, it may be declared void or ineffective and/or it may not be possible to enforce it.

The Notes will be secured only to the extent of the value of the assets that have been granted as security for the Notes and there can be no assurance that the holders of the Notes will benefit from an increased ownership percentage in the Issuer's share capital as a result of the exercise of the warrants because TCP is not obligated to exercise its warrants.

The obligations of the Issuer with respect to the Notes and the Indenture will be secured by a first-ranking pledge on 70.0% of the shares of the Issuer and warrants representing the right to acquire an additional 21.1% of the share capital of the Issuer on a fully diluted basis. See "*Description of the Notes—Security*". On the Issue Date, the Notes will not be secured by any property or assets of the Issuer or its subsidiaries. There can be no assurance that the holders of the Notes will benefit from an increased ownership percentage in the Issuer's share capital as a result of the exercise of the warrants because TCP is not obligated to exercise its warrants.

If we default on the Notes, the holders of the Notes will be secured only to the extent of the value of the Collateral underlying their security interest. We may incur additional indebtedness in the future, which may also be secured by the Collateral. In addition, pursuant to the Indenture, the Issuer and its subsidiaries may in certain cases incur indebtedness which may be secured on a super priority basis. If the value of the Collateral is less than the value of the claims of the other holders of the Notes together with the claims of the other secured creditors, those claims may not be satisfied in full before the claims of our unsecured creditors are paid.

No appraisal of the value of the Collateral has been prepared by us or on our behalf in connection with the Offering. The value of the Collateral and the amount to be received upon a sale of such Collateral will depend on many factors, including the ability to sell the Collateral in an orderly sale, prevailing market and other economic conditions and the availability of suitable buyers at the time of any such sale. By its nature, the Collateral may be illiquid and have no ascertainable market value. Similarly, we cannot assure you that there will be a market for the sale of the Collateral, or, if such a market exists, that there will not be a substantial delay in the liquidation of the Collateral. The book value of the Collateral should not be relied on as a measure of the realizable value for such assets. The fair market value of the Collateral as at the date of this offering memorandum may not exceed the principal amount of the debt secured thereby. The value of the Collateral could be impaired in the future as a result of changing economic conditions, failure to implement our business strategy, competition and other future trends and may be without any value if that entity is subject to an insolvency or bankruptcy proceeding.

It may be difficult to realize the value of the Collateral, and an enforcement action may result in the termination of concessions.

The Collateral will be subject to exceptions, defects, encumbrances, liens and other imperfections permitted under the Indenture, whether on or after the date the Notes are first issued. The existence of such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the Collateral, as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the first-priority ranking of security interests can be affected by a variety of factors, including the timely satisfaction of perfection requirements, statutory liens or re-characterization under the laws of certain jurisdictions.

The Collateral may be subject to practical problems generally associated with the realization of security interests in collateral. The Security Agent may also need to obtain the consent of a third party to enforce a security interest. The Security Agent may not be able to obtain any such consents. In addition, the consents of any third parties may not be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease.

In addition, our business requires a variety of concessions and licenses. The continued operation of the Issuer, a portion of whose shares are pledged as Collateral, depends on the maintenance of such concessions and licenses. Under some of our concessions and licenses, public authorities impose restrictions on the transfers of the ownership of the concessionaire or license holder, including a change of control clause, which prohibits the transfer of the ownership of the concessionaire or license holder without the prior approval of the authority. In the event of an enforcement action under the terms of the Notes which resulted in the transfer of ownership of the Issuer or its subsidiaries, or a change in the shareholding of the Group for other reasons, the authorities may attempt to cancel our concessions or licenses. In addition, the uncertainty concerning the transferability of such concessions or licenses themselves could significantly reduce the value placed on the concessions and licenses by third parties and ultimately reduce the amount recovered in the event of an enforcement action. The applicable governmental authorities may not consent to the transfer of any of such concessions or licenses. If the regulatory approvals required for such transfers are not obtained, are delayed or are economically prevented, the foreclosure may be delayed, a temporary or lasting shutdown of operations may result, and the value of the Collateral may be significantly decreased.

If any Intercreditor Agreement is entered into in the future, the holders of the Notes will be subject to certain limitations on their ability to enforce the Collateral.

In the event that the Issuer incurs certain indebtedness permitted by the Indenture to share in the Collateral, it is permitted, without the consent of holders, to enter into an intercreditor agreement (an "**Intercreditor Agreement**") with the Trustee, the Security Agent and the lenders and/or agents under the new indebtedness within certain specified parameters, see "*Description of the Notes—Intercreditor Agreements*". The Intercreditor Agreement will govern, among other things, the ranking of indebtedness and enforcement of Collateral by the lenders under the secured indebtedness (including, for purposes of the Intercreditor Agreement, the holders of the Notes and the Trustee, and any future secured creditors (including under the Notes)) (together with the lenders, the "**Senior Lenders**") and certain hedge counterparties (together with Senior Lenders, "**Senior Creditors**").

The Intercreditor Agreement will provide that for purposes of the enforcement of the Collateral, the Security Agent shall act on the instructions of the instructing group which, pursuant to the terms of the Intercreditor Agreement, will act upon the instructions of the Senior Creditors whose commitments exceed 50% or more of the aggregate commitments under the secured indebtedness. At the option of the Issuer, the Intercreditor Agreement may (but need not) also provide that in the event certain of the Senior Creditors under indebtedness incurred under clause (1) of the definition of "Permitted Indebtedness" and certain interest rate hedging obligations, each as provided under "*Description of the Notes*" are secured on a super priority basis with respect to proceeds from enforcement of Collateral ("Super Priority Creditors"), certain other arrangements shall apply. In this case, subject to certain limited exceptions customary for capital structures including super senior financings (as determined at the time of entering into the Intercreditor Agreement), creditor representatives must provide 10 Business Days notice of any proposed enforcement instructions which will trigger a 20 Business Day consultation period. If at the end of this period there are conflicting enforcement instructions, the instructions of a majority of Senior Creditors excluding any Super Priority Creditors shall prevail. However, if the Security Agent has not taken any enforcement action within 3 months following the end of the consultation period or the Super Priority Creditors have not been fully repaid within 6 months following the end of the consultation period, then enforcement instructions provided by the Super Priority Creditors shall prevail.

These arrangements could be disadvantageous to the holders of the Notes in a number of respects. For example, other creditors not party to the Intercreditor Agreement could commence enforcement action against the Issuer or its subsidiaries during the consultation period, the Issuer or one or more of its subsidiaries could seek protection under applicable bankruptcy laws, or the value of certain Collateral could otherwise be impaired or reduced in value. Further, as the Intercreditor Agreement does not exist as of the Issue Date and the parties are not identified in full, we cannot assure you that any Intercreditor Agreement will be entered into on terms which are considered customary as of the Issue Date. While certain Fundamental Intercreditor Rights (as defined in the "*Description of the Notes*") are specified, there may be other terms of the Intercreditor Agreement which may limit your rights with respect to enforcement of the Collateral or may allow certain other parties to take enforcement action with respect to the Collateral in a manner disadvantageous to holders of the Notes. While these terms will be customary for capital structures which include super senior financings, this is a developing market and we cannot assure you that what become customary terms for such Intercreditor Agreements will be no less advantageous for bondholders as such arrangements are as of the Issue Date. In addition, if we incur substantial additional indebtedness which may be secured on the Collateral, the holders of the Notes may not comprise the majority of the Senior Creditors for the purposes of instructing the Security Agent. If the Notes do not make up a majority of the relevant instructing Senior Creditors, the holders of the Notes would be bound by any decisions of the creditors under the our other debt instruments, which may result in enforcement action, or absence thereof in respect of the Collateral, whether or not such action is approved by the holders of the Notes or may be adverse to such holders of the Notes.

The Senior Creditors may have interests that are different from each other, and in particular, from the interests of holders of the Notes and they may not elect to pursue their remedies under the security documents at a time when it would otherwise be advantageous for the holders of the Notes to do so. In addition, any Super Priority Creditors will be entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes and there can be no assurance that there will be sufficient proceeds remaining to repay the Notes and other creditors secured by the Collateral in full or at all. Also, it is possible that disputes may occur between the holders of the Notes and creditors under other secured indebtedness as to the appropriate manner of pursuing enforcement remedies with respect to the Collateral.

The instructing creditor groups will have a limited period in which to respond to requests under any Intercreditor Agreement.

Any Intercreditor Agreement shall provide that where any instructions are to be given by a majority of Senior Creditors, if in relation to any request for a vote, action or decision to be taken by any group of Senior Creditors as required under the Intercreditor Agreement (including, without limitation, for the purpose of constituting an instructing group), any Senior Creditor within such respective class fails to vote in favor of or against such request, or fails to provide details of its relevant participation or liabilities owed to it to the Security Agent within 30 Business Days (as defined in the Intercreditor Agreement) from the date on which notice of such request, action or decision was given to all the Senior Creditors then eligible to vote thereon, then that Senior Creditor's participation and/or liabilities owed to it shall be deemed to be zero for the purpose of calculating the relevant total participations and/or liabilities when ascertaining whether any relevant percentage has been obtained to carry that vote or approve that action or decision, *provided* that, where there is indebtedness owing to Super Priority Creditors at the time of any proposed enforcement action, the failure by a class of creditors to give instructions will be deemed to be an instruction that conflicts with any other enforcement instructions. If holders of the Notes are unable to respond within the required timeframes, their ability to control or influence matters concerning their rights as holders of the Notes will be lost and such matters will be determined by other senior secured creditors which may have interests different from the holder of the Notes.

The claims of the holders of the Notes will be effectively subordinated to the rights of our secured creditors, including the provider of guarantees to AAMS in respect of certain of our performance obligations, to the extent of the value of the assets securing our indebtedness or other obligations which do not constitute Collateral.

On or about the Issue Date, the Notes will be secured by a first-ranking pledge on a portion of the Capital Stock of the Issuer. The Indenture will also provide for a negative pledge but will allow us and our restricted subsidiaries, subject to specified limitations, to incur secured indebtedness that will be effectively senior to the Notes to the extent of the value of the assets that secure that indebtedness. In the event of any distribution or payment of our assets in any foreclosure, dissolution, winding-up, liquidation, administration, reorganization, or other insolvency or bankruptcy proceeding, the proceeds from the sale of assets securing any indebtedness and which do not secure the Notes will be available to pay obligations on the Notes only after all such secured indebtedness (including claims preferred by operation of law) has been paid in full. As a result, holders of Notes may receive less, ratably, than holders of secured indebtedness. As of the Issue Date, we had no secured indebtedness outstanding other than the Notes. We also have arrangements with UniCredit S.p.A. ("UniCredit") pursuant to which they have issued bank guarantees in order to guarantee the performance by us of the obligation to transfer to AAMS the PREU, pay to AAMS the annual fee (*canone annuale*) and fulfill certain of our obligations under our concession with AAMS. See "*Description of certain financing and guarantee arrangements—Bank Guarantees to AAMS on behalf of Gamenet*". The relevant obligations and the Guarantees are not recorded as financial indebtedness on our balance sheet and the Guarantees are accounted for as off-balance sheet items. We had off balance sheet guarantees totaling €83.6 million as of March 31, 2013. See "*Management's discussion and analysis of financial condition and results of operations—Off Balance Sheet Arrangements*". As security for these arrangements, we have assigned guarantees (both as bank sureties and cash collateral) provided to us by customers equal to approximately €24.6 million as at March 31, 2013. Upon the repayment in full of all amounts outstanding under the Existing Senior Secured Credit Facility Agreement and under the Shareholder Loans with the proceeds of the issuance of the Notes on the Issue Date, certain updated arrangements with UniCredit will come into force, pursuant to which, *inter alia*, the existing securities and guarantees granted in favor of UniCredit (including but not limited to a pledge over the shares of the Issuer held by Holdco) will be substituted by (i) the undertaking—on a best effort basis—to assign to UniCredit (or to have UniCredit added as a beneficiary thereof) guarantees or insurance guarantees or cash collateral deposits provided to us by customers for a total amount of not less than €15,000,000, (ii) a pledge over the balance of the bank account where the amounts due to AAMS in respect of the PREU will be deposited; (iii) a pledge over cash and cash equivalent collateral for an amount of at least €3,000,000; and (iv) a corporate guarantee from the Issuer counter-guaranteeing the bank guarantees issued by UniCredit in respect of the concessions and/or authorizations of our subsidiaries. In the event a bank guarantee granted by UniCredit is enforced by AAMS, we are required to reinstate the guarantee within 90 days from the date of the request by AAMS. In case of enforcement of the bank guarantee, UniCredit is entitled to recover the relevant amount from us. Our failure to pay such amounts would entitle UniCredit to, *inter alia*, enforce the collateral granted in its favor and UniCredit's claims will be senior to the claims of the Noteholders to the extent of the value of the assets that secure said obligations.

The percentage of the Company's share capital forming the Collateral may be diluted.

The percentage of the Company's share capital forming the Collateral may be diluted as a result of the issuance of the Class A shares upon exercise of each of the 2020 Warrants, the 2021 Warrants and the Stock Option Plan (each as defined herein) by shareholders or third parties other than TCP. See "*Principal shareholders*".

There are circumstances other than repayment or discharge of the Notes under which the Collateral securing the Notes will be released automatically without your consent or the consent of the Trustee.

Under various circumstances, the Collateral will be released automatically, including, without limitation:

- as described under the caption "*Description of the Notes—Amendments and Waivers*";
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under the captions "*Description of the Notes—Defeasance*" and "*Description of the Notes—Defeasance—Satisfaction and Discharge*"; and
- as provided for in the Intercreditor Agreement (if any).

The Indenture also provides that any Collateral securing the Notes may be released and retaken in connection with the refinancing of certain indebtedness, including the Notes. In Italy, such a release and retaking of Collateral may give rise to the start of a new "hardening period" in respect of such Collateral. Under certain circumstances, other creditors, insolvency administrators or representatives or courts could challenge the validity and enforceability of the grant of such Collateral. Any such challenge, if successful, could potentially limit your recovery in respect of such Collateral and thus reduce your recovery under the Notes. See "*Description of the Notes—Security*".

Further, pursuant to CRIGA's Call Option as described in more detail in "*Principal shareholders—Call options between TCP and CRIGA*", CRIGA has a call option to purchase from TCP up to 50,000 Gamenet class A shares for consideration of €1 per share which equates to approximately 2% of the total outstanding ordinary shares of the Issuer. In the event that CRIGA exercises CRIGA's Call Option, the called shares will be released from the Collateral which will reduce the value of the Collateral in favor of the holders of the Notes.

The proceeds of the Notes will be used in part to repay the Shareholder Loans and this may materially and adversely affect the Notes.

The proceeds of the Notes will be used by the Issuer: (i) to repay the net indebtedness to UniCredit as described elsewhere herein and the amounts outstanding under the Shareholder Loans; (ii) pay fees and expenses in connection with the Transactions, including the Initial Purchasers' discount and commission and the estimated expenses in respect of the Offering; and (iii) for general corporate purposes. See "*Use of proceeds*". According to Italian corporate law, an Italian company must receive a real and adequate benefit when entering into a transaction (including granting a security interest). The concept of a real and adequate benefit is not specifically defined in the applicable Italian legislation and is determined by courts by undertaking a factual analysis on a case-by-case basis. As a general rule, corporate benefit does not per se coincide with the interest of the company's shareholders and is to be assessed at the level of the relevant company on a stand-alone basis, although upon certain circumstances and subject to specific rules the interest of the group to which such company belongs may also be taken into consideration. Transactions featuring debt financings of repayments to shareholders, such as the Offering, are largely untested in Italian courts. In particular, limited guidance is provided by Italian case law and Italian legal commentators as to whether and to what extent such transactions could be challenged for lack of corporate benefit and conflict of interest. Challenges based on lack of corporate benefit could materially and adversely affect the Notes and the rights and claims of the holders of the Notes arising under the Notes and the Collateral. See "*Limitations on validity and enforceability of the security interests and certain insolvency law considerations*" for further details.

Enforcing your rights as a holder of the Notes or under the Collateral across multiple jurisdictions may be difficult.

The Notes will be issued by the Issuer, organized under the laws of the Republic of Italy, and will be secured by Collateral subject to Italian laws but pledged by shareholders organized and incorporated under Luxembourg law. In the event of bankruptcy, insolvency or a similar event, proceedings could be initiated in these jurisdictions. You may not be able to effectively enforce your rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights.

The insolvency laws of Italy may not be as favorable to holders of Notes as U.S. insolvency laws or those of another jurisdiction with which you may be familiar.

The Issuer is incorporated and has its center of main interests under the laws of Italy. Accordingly, insolvency proceedings with respect to the Issuer may proceed under, and be governed by, Italian insolvency law. The insolvency laws of Italy may not be as favorable to your interests as those of the United States or another jurisdiction with which you may be familiar, including in respect of creditors' reorganization, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceedings, and thus may limit your ability to recover payments due on the Notes to the extent exceeding the limitations arising under other insolvency laws. In the event that the Issuer or any of its subsidiaries experiences financial difficulty, it is not possible to predict with certainty the outcome of such proceedings. As a consequence, enforcement of rights under the Notes and the Collateral in an insolvency situation may be delayed and be complex and costly for creditors. See "*Limitations on validity and enforceability of the security interests and certain insolvency law considerations*" for further information.

Fraudulent conveyance and similar laws may adversely affect the validity and enforceability of the Notes and the Collateral.

Under applicable fraudulent conveyance laws, a court could void the Notes or subordinate the claims thereunder to other claims against the Issuer if it was determined that the Issuer:

- issued the Notes (or the Collateral was granted) with actual intent to hinder, delay or defraud creditors or shareholders;

- ➤ received less than reasonably equivalent value or fair consideration for issuing the Notes (or granting the Collateral), and, at the time thereof was insolvent or rendered insolvent by reason of issuing the Notes (or granting the Collateral);
- ➤ was engaged or about to engage in a business or a transaction for which remaining assets available to carry on business constituted unreasonably small capital;
- ➤ intended to incur, or believed that the issuer would incur, debts beyond the ability to pay the debts as they mature; or
- ➤ was a defendant in an action for money damages, or had a judgment for money damages rendered against it if, in either case, after final judgment, the judgment is unsatisfied.

The measures of insolvency for the purposes of fraudulent transfer laws vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, an entity would be considered insolvent if, at the time it incurred the debt:

- ➤ the sum of its debts, including contingent liabilities, was greater than the fair saleable value of its assets;
- ➤ the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- ➤ it could not pay its debts as they become due.

We cannot be sure as to what standard a court would apply in making a solvency determination or that a court would conclude that the Issuer was solvent immediately after the issuance of the Notes. Regardless of the standard that the court uses, we cannot be sure that the issuance of the Notes (or grant of the Collateral) would not be voided or subordinated to our other debt.

Under Italian law, in the event that the Issuer (or any future Italian Guarantor of the Notes) enters into insolvency proceedings, the security interests granted to secure the Notes (and any guarantees thereof, if applicable) could be subject to potential challenges by an insolvency administrator or by other creditors under the rules of avoidance or clawback of Italian Bankruptcy Law and the relevant law on the non-insolvency avoidance or clawback of transactions made by the debtor during a certain legally specified period (the "suspect period"). The avoidance may relate to (i) transactions made by the debtor within a suspect period of one year prior to the declaration of the insolvency at below market value (i.e., to the extent the asset or obligation given or undertaken exceeds by one-quarter the value of the consideration received by the debtor), or involving unusual means of payment (e.g., payment in kind) or security taken after the creation of the secured obligations, whereby the creditor must prove its lack of knowledge of the state of insolvency of the relevant entity in order to rebut any clawback action, (ii) security granted in order to secure a debt due and payable, whereby the creditor must prove his lack of knowledge of the state of insolvency of the relevant entity in order to rebut any clawback action during the suspect period of six months prior to the declaration of the insolvency, and (iii) payments of due and payable obligations, transactions at arm's length or security taken simultaneously to the creation of the secured obligations during the suspect period of six months prior to the declaration of the insolvency, whereby the bankruptcy receiver must prove that the creditor was aware of the state of insolvency of the relevant entity in order to enforce any clawback action. See "*Limitations on validity and enforceability of the security interests and certain insolvency law considerations*" for further information.

Under Article 64 of the Italian Bankruptcy Law, all transactions without consideration are ineffective vis-à-vis creditors if entered into by the debtor in the two-year period prior to the insolvency declaration. In addition, under Article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are ineffective vis-à-vis creditors, if made by the bankrupt entity in the two-year period prior to insolvency. In addition, the EU Insolvency Regulation contains conflicts of law rules which replace the various national rules of private international law in relation to insolvency proceedings within the European Union.

If challenged successfully, the security interest may become unenforceable and any amounts received must be refunded to the insolvent estate. To the extent that the grant of any security interest is voided, the holders of the Notes could lose the benefit of the security interest and may not be able to recover any amounts under the related security documents.

Under Luxembourg law, which is the law under which TCP is organized and incorporated, financial collateral arrangements within the meaning of the Luxembourg law of 5 August 2005 on financial collateral arrangements, as amended, may not be challenged by a bankruptcy receiver on the basis of insolvency regulations. Although the revocatory action specifically open to the bankruptcy receiver under bankruptcy rules where a transaction has defrauded the creditors of the bankrupt debtor has been clearly set aside by the Luxembourg law of 5 August 2005 on financial collateral arrangements, as amended, even if governed by a foreign law, the general revocatory action open to any creditor who is the victim of an act defrauding its rights, pursuant to article 1167 of the Luxembourg Civil Code (*actio pauliana*) and foreign revocatory actions not founded on insolvency regulations (to the extent applicable under conflict of laws rules), should remain available to such creditor.

The Issuer may amend the economic terms and conditions of the Notes without the prior consent of all the holders of the Notes with the vote of either 75% or 50% of the aggregate principal amount of the outstanding Notes.

The Indenture contains provisions for calling meetings of the holders of the Notes to consider matters affecting their interests generally. As set forth in "*Description of the Notes—Defeasance—Meeting of Holders of Notes*," the majority required to pass an extraordinary resolution at any meeting of holders of the Notes will be one or more persons holding or representing at least 75% of the aggregate principal amount of the outstanding Notes. These provisions permit defined majorities (50% or 75%) to bind all holders of the Notes, including holders of the Notes who did not attend and vote at the relevant meeting, and holders who vote in a manner contrary to the relevant majority. In particular, under the Indenture, an extraordinary resolution may include, among other things, proposals to reduce the rate or change the time for payment of principal or interest in respect of the Notes, to change the date on which any Note may be subject to redemption or reduce the redemption price, to change the currency of payments under the Notes and/or to change the quorum requirements relating to meetings and/or the majority required to pass a resolution, and change the amendment provisions. These and other changes may adversely impact your rights as a holder of the Notes and may have a material adverse effect on the market value of the Notes. Under Italian law, the approval of an extraordinary resolution typically requires the consent of more than one-half of the aggregate principal amount of the outstanding Notes. Our decision to increase the majority requirement is untested under Italian law, may be challenged by holders of the Notes, the Issuer and/or others, and if challenged, may not be upheld by an Italian court, with the consequence that the majority voting threshold would be reduced from 75% to 50%.

Transfer of the Notes is restricted, which may adversely affect the value of the Notes.

The Notes have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws. You may not offer the Notes in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws, or pursuant to an effective registration statement. The Notes and the Indenture contain provisions that restrict the Notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S, or other exceptions, under the U.S. Securities Act. Furthermore, we have not registered the Notes under any other country's securities laws. It is your obligation to ensure that your offers and resales of the Notes within the United States and other countries comply with applicable securities laws.

You may be unable to sell your Notes if a trading market for the Notes does not develop.

The Notes are new securities for which there is currently no established trading market. Accordingly, there can be no assurances as to the development or liquidity of any market for the Notes.

We have applied to have the Notes listed on the Official List of the Luxembourg Stock Exchange and admitted to trading (*negoziati*) on the Euro MTF Market of the Luxembourg Stock Exchange upon their issuance. However, the Notes may not become or remain listed on that exchange or any other securities exchange. The Initial Purchasers have advised us that they intend to make a market in the

Notes. However, the Initial Purchasers are not obligated to do so and may discontinue any market making at any time at their sole discretion and without notice. In addition, the liquidity of the trading market in the Notes, and the market price quoted for the Notes, may be adversely affected by changes in the overall market for similar yielding securities, interest rates and our financial performance or prospects or in the prospects for companies in our industry generally. As a result, an active trading market for the Notes may not develop or be maintained.

The covenants in the Notes and any instruments governing any other Group debt may limit the Group's ability to operate its business.

The Indenture contains affirmative and negative covenants, including covenants restricting, among other things, the Group's ability to incur additional debt, sell assets, create liens or other encumbrances, make certain payments and dividends and merge or consolidate. Such restrictions could affect the ability of the Group to operate its business and may limit our ability to take advantage of potential business opportunities as they arise.

If the Group does not comply with the covenants and restrictions in the Indenture, the Group could be in default under those agreements, and the debt incurred under those agreements, together with accrued interest, could then be declared immediately due and payable. If the Group defaults under the Notes, the holders of the Notes (subject to restrictions on enforcement rights) could cause all of the outstanding debt obligations thereunder to become due and payable, requiring the Group to apply all of its cash to repay the debt thereunder or prevent it from making debt service payments on its other debt. In addition, any default under the Notes, could lead to an acceleration of debt under other debt instruments that contain cross-acceleration or cross-default provisions. If the debt under the Notes, or other debt instruments which may govern the Group's debt is accelerated, we may not have sufficient assets to repay amounts due thereunder. The Group's ability to comply with these provisions of the Indenture, and other agreements governing its other debt, may be affected by changes in the economic or business conditions or other events beyond our control.

You may have difficulty enforcing your rights against the Issuer and its directors and executive officers.

The Issuer is incorporated in Italy. All of the directors and executive officers of the Issuer are non-residents of the United States. Although the Issuer has submitted to the jurisdiction of certain New York courts in connection with certain actions under U.S. securities laws, you may be unable to effect service of process within the United States on its directors and executive officers. In addition, as all of its assets and substantially all of the assets of its directors and executive officers are located outside of the United States you may be unable to enforce against them judgments obtained in the U.S. courts predicated upon civil liability provisions of the federal securities laws of the United States. In addition, our local counsel have informed us that it is questionable whether an Italian court would accept jurisdiction and impose civil liability if proceedings were commenced in Italy predicated solely upon U.S. federal securities laws. See "*Service of process and enforcement of judgments*".

You may face foreign exchange risks by investing in the Notes.

The Notes will be denominated and payable in euro. If investors measure their investment returns by reference to a currency other than euro, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which investors measure the return on their investments because of economic, political and other factors over which we have no control. Depreciation of the euro against the currency by reference to which investors measure the return on their investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to investors when the return on the Notes is translated into the currency by reference to which the investors measure the return on their investments.

The Notes will initially be held in book entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be issued in global certificated form and are currently held through Euroclear and Clearstream. Interests in the global notes will trade in book entry form only, and Notes in definitive registered form, or Definitive Registered Notes, will be issued in exchange for Book-Entry Interests only in very limited circumstances. Owners of Book-Entry Interests will not be considered owners or holders of Notes. The common depositary, or its nominee, for Euroclear and Clearstream is the sole registered holder of the global notes representing the Notes and will be entered as such in the register of holders of the Notes maintained by the Registrar and the Issuer at its registered office. Payments of principal, interest and other amounts owing on or in respect of the global notes representing the Notes will be made to Deutsche Bank AG, London Branch as Paying Agent, which then will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold Book-Entry Interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of Book-Entry Interests. Accordingly, if you own a Book-Entry Interest, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear and Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of Book-Entry Interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a Book-Entry Interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until Definitive Registered Notes are issued in respect of all Book-Entry Interests, if you own a Book-Entry Interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes. See "*Book-entry, delivery and form*".

Certain covenants may be suspended upon the occurrence of a change in our ratings.

The Indenture will provide that, if at any time following the date of the Indenture, the Notes receive a rating of "BBB−" or better from S&P and "Baa3" or better from Moody's and no default or event of default has occurred and is continuing, then beginning that day and continuing until such time that the Notes receive a rating of below "BBB−" from S&P and below "Baa3" from Moody's, certain covenants will cease to be applicable to the Notes. See "*Description of the Notes—Suspension of Covenants on Achievement of Investment Grade Status*". If these covenants were to cease to be applicable, we would be able to incur additional indebtedness or make payments, including dividends or investments, which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained.

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign a credit rating to the Notes. The rating may not reflect the potential impact of all risks related to the structure, market, additional risk 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 subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by a credit rating agency may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

You generally will not be entitled to a gross-up for any Italian withholding taxes, unless the Italian withholding tax is caused by a failure of the Issuer to comply with certain procedures.

The Issuer is organized under the laws of the Republic of Italy and Italian resident for tax purposes and therefore payments of principal and interest on the Notes and, in certain circumstances, any gain on the Notes, will be subject to Italian tax laws and regulations. All payments in respect of Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, subject to a number of exceptions, the Issuer will pay such additional amounts as will result in the holders of the Notes receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. The Issuer is not liable to pay any additional amounts to holders of Notes under certain circumstances, including if any withholding or deduction is required pursuant to Italian Legislative Decree No. 239 of April 1, 1996 ("**Decree 239**") or pursuant to Legislative Decree of November 21, 1997, No. 461 ("**Decree 461**"), except, in the case of Decree 239, where the procedures required under Decree 239 in order to benefit from an exemption have not been complied with due to the actions or omissions of the Issuer or its agents. In such circumstances, investors subject to Italian withholding tax will only receive the net proceeds of their investment in the Notes. See "*Description of the Notes—Withholding Taxes*". and "*Certain tax considerations—Certain Italian Tax Considerations*".

Although we believe that, under current law, Italian withholding tax will not be imposed under Decree 239 or Decree 461 where a holder of Notes is resident for tax purposes in a country which allows for a satisfactory exchange of information with Italy (as identified by the Italian tax authorities in Ministerial Decree of September 4, 1996 and in the Ministerial Decree to be issued as per Article 168-*bis*, Italian Presidential Decree No. 917 of December 22, 1986) (a "**white list country**") and such holder complies with certain certification requirements, there is no assurance that this will be the case. Moreover, holders of Notes will bear the risk of any change in Decree 239 after the date hereof, including any change in the white list countries.

No assurance can be given that the Notes will be listed or that, once listed, the listing will be maintained or that such listing will satisfy the listing requirement of Article 32(8) of Law Decree No. 83 of June 22, 2012 and Decree 239.

Although an application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF market upon their issuance, the Issuer cannot assure you that the Notes will become, or remain listed. If the Notes are listed on the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market and the Issuer can no longer maintain such listing or if it becomes unduly burdensome to make or maintain such listing, the Issuer may cease to make or maintain such listing on the Official List of the Luxembourg Stock Exchange, provided, however, that it will use its commercially reasonable efforts to obtain and maintain the listing of the Notes on another "recognized stock exchange", although there can be no assurance that the Issuer will be able to do so.

In addition, no assurance can be given that any such listing will satisfy the listing requirement of Article 32(8) of Law Decree No. 83 of June 22, 2012 and Decree 239 in order for the Notes to be eligible to benefit from the provisions of such legislation relating to deductibility of interest expense and the exemption from the requirement to apply withholding tax. The Italian tax authorities recently issued an interpretive circular relating to, *inter alia*, the listing requirement of the aforementioned legislation that may be interpreted to require that the Notes be listed upon their issuance to benefit from the aforementioned provisions, including the exemption from the requirement to apply withholding tax. In the event that the Notes are not listed or that such listing requirement is not satisfied, our ability to deduct interest expense related to the Notes could be adversely impacted. In addition, in such circumstances, payments of interest, premium and other income with respect to the Notes would be subject to a withholding tax, currently at a rate of 20%, and, subject to certain exceptions, see "*Description of the Notes—Withholding Taxes*", we would be required to pay additional amounts with respect to such withholding taxes such that beneficial owners receive a net amount that is not less than the amount that they would have received in the absence of such withholding. The Issuer cannot assure you that the Italian tax authorities will not interpret the applicable legislation as requiring that the listing be effective at closing (upon issuance of the Notes) and we cannot assure you that the listing can be achieved by the Issue Date. However, we intend to achieve the listing of the Notes on the Issue Date, including by obtaining a listing on the ExtraMOT organized and managed by Borsa Italiana S.p.A. and, in any event, believe that the applicable legislation should be interpreted in the sense that it does not require the listing of the Notes to be effective at closing to benefit from the provisions relating to deductibility of interest expense and exemption from application of withholding tax. The possible limitation on the deductibility of interest expense and the imposition of withholding taxes with respect to payments on the Notes and the resulting obligation to pay, subject to certain exemptions, additional amounts to holders of Notes could have a material adverse effect on our financial condition and results of operations.

No assurance can be given that the procedural requirements to apply the Italian tax regime provided by Italian Legislative Decree No. 239 of April 1, 1996 will be met by the relevant foreign intermediaries.

The regime provided by Decree 239 and in particular the exemption from withholding tax in principle granted to holders of the Notes resident in white list countries applies if certain procedural requirements are met. It is not possible to assure that all non-Italian resident investors can claim the application of the withholding tax exemption where the relevant foreign intermediary fails to provide sufficient information to the relevant Italian tax Authorities under the procedures set for applying the exemption regime. See “*Certain tax considerations—Certain Italian Tax Considerations*”.

Use of proceeds

The gross proceeds from the issuance of the Notes are expected to be €200 million. We intend to use the gross proceeds from the issuance of the Notes (i) to repay our net indebtedness to UniCredit as described elsewhere herein and amounts outstanding under the Shareholder Loans, (ii) to pay fees and expenses in connection with the Transactions, including the Initial Purchasers' discount and commission and the estimated expenses in respect of the Offering; and (iii) for general corporate purposes including, but not limited to, making opportunistic acquisitions or other capital investments from time to time.

Certain Initial Purchasers or their affiliates are arrangers and lenders under the Existing Senior Secured Credit Facility Agreement, and, in their capacities as lenders, will receive a portion of the proceeds from this Offering. See "*Plan of distribution*".

The estimated sources and uses of the proceeds of the Offering are set out in the table below (€ in millions). Actual amounts will vary from estimated amounts depending on several factors, including differences from our estimate of fees and expenses:

Sources	**Amount (€ millions)**	**Uses**	**Amount (€ millions)**
Notes offered hereby	200.0	Repayment of net indebtedness to UniCredit[(1)]	68.3
		Reimbursement of the Shareholder Loans[(2)]	57.5
		Estimated fees and expenses[(3)]	6.0
		General corporate purposes[(4)]	68.2
Total	**200.0**	**Total**	**200.0**

(1) As of March 31, 2013 our net indebtedness to UniCredit amounted to €68.3 million, comprising (i) €64.5 million outstanding under the Existing Senior Secured Credit Facility (ii) €13.3 million outstanding under the credit facilities with UniCredit, net of (iii) cash at banks amounting to €9.5 million. Our net indebtedness to UniCredit will be fully settled from the proceeds of the issuance of the Notes. The net indebtedness to UniCredit is based on the amount outstanding at March 31, 2013 and does not reflect repayments, accrued interest or cash movements subsequent to March 31, 2013. After the completion of the Transactions, no amount will remain outstanding under the Existing Senior Secured Credit Facility, which will be cancelled. See "*Capitalization*".

(2) We will fully repay the Shareholder Loans in the aggregate amount of €57.5 million together with related accrued interest and the Shareholder Loans will be terminated and no amount will be available for future drawings. The €57.5 million represents the amount outstanding as of March 31, 2013 and does not include any accrued interest subsequent to such date. See "*Capitalization*".

(3) Represents estimated fees and expenses incurred in connection with the Transactions including underwriting fees and commissions, financial advisory costs and other transaction costs and professional fees.

(4) The proceeds for general corporate purposes may be used, among other things, for making opportunistic acquisitions or other capital investments from time to time. On June 18, 2013, our Board of Directors resolved, subject to the successful completion of the Offering, to maintain a minimum of €20 million of cash on our balance sheet in order to satisfy the Company's working capital requirements. See "*Risks Related to the Notes—We require a significant amount of cash to service debt and for other general corporate purposed and our ability to generate sufficient cash depends on many factors beyond our control*".

Capitalization

The following table sets forth net debt and capitalization of the Issuer as of March 31, 2013 on a historical basis and as adjusted to give effect to the gross proceeds from the issuance of the Notes and the application of the proceeds therefrom. This table should be read in conjunction with "*Use of proceeds*", "*Management's discussion and analysis of financial condition and results of operations*", "*Description of certain financing and guarantee arrangements*", "*Description of the Notes*" and the Unaudited Interim Condensed Consolidated Financial Statements and related notes included elsewhere in this offering memorandum.

	Actual	As Adjusted[(4)]
	(€ in thousands) (unaudited)	
Cash at banks	9,478	68,213[(1)]
Financial assets[(2)]	4,265	4,265
AAMS deposit refund[(3)]	—	31,420
	13,743	**103,898**
Existing Senior Secured Credit Facility	64,469	—
UniCredit credit facilities	13,335	—
Shareholder Loans	57,461	—
Other financial liabilities[(5)]	307	307
Other shareholder loans[(6)]	1,925	—
Notes offered hereby	—	200,000[(7)]
Total debt	**137,497**	**200,307**
Equity[(8)]	**46,566**	**46,566**
Total capitalization[(9)]	**184,063**	**246,873**
Net debt[(10)]	**64,368**	**96,409**

(1) Represents the Issuer's consolidated cash at banks as adjusted for the proceeds from the Offering, including €68.2 million for general corporate purposes after the repayments of (i) net indebtedness to UniCredit of €68.3 million (See "Use of Proceeds"), (ii) the Shareholder Loans for an amount of €57.5 million and (iii) estimated transaction costs of €6.0 million.

(2) Represents investments in bonds amounting to €1.3 million and restricted cash relating to the UniCredit Guarantee amounting to €3.0 million.

(3) Represents the rebate of 99% of the annual AAMS 0.5% deposit which was received on June 18, 2013 relating to the 2012 financial year and which refund amount was notified to us in March 2013.

(4) As described in "*Use of Proceeds*", the gross proceeds from the issuance of the Notes will be applied to repay the net indebtedness to UniCredit amounting to €68.3 million and €57.5 million outstanding under the Shareholder Loans. Amounts outstanding at March 31, 2013 do not reflect repayments, accrued interest or cash movements subsequent to March 31, 2013, including the approximately €5.0 million paid after March 31, 2013 in connection with the pending acquisition of 63 gaming halls. See "*Summary—Recent Developments—Agreement to acquire the licenses for 63 gaming halls*".

(5) Other financial liabilities as of March 31, 2013 include €0.3 million relating to finance lease liabilities and the amount outstanding for a property mortgage.

(6) Other shareholder loans relates to an amount of €1.9 million due to Romagna Giochi. Subsequent to March 31, 2013, such loan was settled through the offset with a receivable due by the same company. The "As Adjusted" column reflects the settlement of the liability.

(7) Represents the principal amount of the Notes to be issued in the Offering.

(8) Represents total equity attributable to owners of the Company.

(9) Total capitalization is defined as total debt and equity.

(10) Net debt is a Non-GAAP Financial Measure and is calculated as total debt excluding amounts due under the Shareholder Loans and amounts due to other shareholders net of cash at banks, investments in bonds and financial assets related to restricted cash in connection with concession agreements. Our adjusted net debt also adjusts for the effects of the receipt of the AAMS deposit as explained in Note 3 above. See "*Use of non-gaap financial measures*".

Selected consolidated financial information

The following selected consolidated income statement, balance sheet and cash flow information (i) as of and for the years ended December 31, 2011 and 2012 has been derived from the audited consolidated financial statements for such periods of the Issuer which have been prepared in accordance with Italian GAAP and audited by PricewaterhouseCoopers S.p.A. (ii) as of March 31, 2013 and for the three months ended March 31, 2012 and 2013 has been derived from the unaudited interim condensed consolidated financial statements for such period which has been prepared in accordance with Italian GAAP. Interim results are not necessarily indicative of the results of operations that may be expected for any other period or for a full year.

The selected financial information for the twelve months ended March 31, 2013 is calculated by taking the results of operations for the three months ended March 31, 2013 and adding to it the difference between the results of operations for the full year ended December 31, 2012 and the three months ended March 31, 2012. The financial information for the three and twelve months ended March 31, 2013 is not necessarily indicative of the results that may be expected for the year ended December 31, 2013, and should not be used as the basis for or prediction of an annualized calculation.

The information by business activity provided is based on the financial information which management use in monitoring the performance of the business and has not been prepared in accordance with Italian GAAP or any other accounting principles. As explained in "*Presentation of financial information*", in the future we may present our consolidated financial statements in accordance with IFRS, pursuant to which we may be required to present segment information. The segment information that we may be required to present in accordance with IFRS may differ from the information by business activity provided. Management believe that the information by business activity provided is useful in understanding the underlying trends of the different business activities.

Historically, we have prepared our consolidated financial statements in accordance with Italian GAAP. We may adopt IFRS for our consolidated financial statements in future years. In the event that we adopt IFRS, the Indenture requires us to report according to such standards, and the covenant calculations will be based on the relevant standards. Because there are significant differences between Italian GAAP and IFRS, if we were to prepare our financial statements on the basis of IFRS instead of Italian GAAP, there could be substantial differences in our results of operations, cash flows and financial position, including levels of indebtedness. In addition, our covenants may become more or less restrictive from time to time, depending upon the effect of the standards we adopt. See "*Annex A: Summary of certain differences between Italian GAAP as compared to IFRS*", "*Risk Factors—Risks Related to Our Business—We have not included IFRS financial information in this offering memorandum, and there may be differences between our financial position and our results of operations prepared in accordance with Italian GAAP and IFRS*" and "*Description of the Notes*".

This Selected Consolidated Financial Information should be read in conjunction with the financial statements included elsewhere in this offering memorandum and the notes thereto and the information set forth in "*Summary*", "*Business*", "*Use of proceeds*", "*Capitalization*", "*Selected consolidated financial information*", "*Management's discussion and analysis of financial condition and results of operations*" and "*Annex A—Summary of certain differences between Italian GAAP as compared to IFRS*".

SELECTED CONSOLIDATED INCOME STATEMENT INFORMATION

	For the year ended December 31,		For the three months ended March 31,		For the twelve months ended March 31,
	2011	2012	2012 (Unaudited)	2013 (Unaudited)	2013 (Unaudited)
	(€ in thousands)				
Total revenues and income	630,859	650,407	154,419	145,563	641,551
Total costs	(591,635)	(598,050)	(142,677)	(132,267)	(587,640)
Operating profit	**39,224**	**52,357**	**11,742**	**13,296**	**53,911**
Net finance expenses and similar	(9,915)	(9,697)	(2,550)	(2,384)	(9,531)
Extraordinary income/(expenses)	(5,981)	(6,807)	(183)	50	(6,574)
Profit Before Tax (PBT)	**23,328**	**35,853**	**9,009**	**10,962**	**37,806**
Income tax	(9,918)	(14,302)	(3,856)	(4,118)	(14,564)
Profit for the period	**13,410**	**21,551**	**5,153**	**6,844**	**23,242**

SELECTED CONSOLIDATED BALANCE SHEET INFORMATION

	As of December 31,		As of March 31,
	2011	2012	2013 (Unaudited)
	(€ in thousands)		
Property, plant and equipment	19,730	29,354	28,460
Goodwill	18,500	21,471	20,785
Intangible assets	128,596	124,805	120,613
Trade receivables	65,907	57,337	52,612
Cash at banks	1,042	3,310	9,478
Other current and non-current assets	61,313	93,606	91,894
Total assets	**295,088**	**329,883**	**323,842**
Non-current financial liabilities	110,306	101,390	93,671
Current financial liabilities	12,010	39,827	43,825
Other current and non-current liabilities	154,938	148,781	139,690
Total liabilities	**277,254**	**289,998**	**277,186**
Total equity	**17,834**	**39,885**	**46,656**
Total liabilities and equity	**295,088**	**329,883**	**323,842**

SELECTED CONSOLIDATED STATEMENT OF CASH FLOWS INFORMATION

	Year ended December 31,		Three months ended March 31,	
	2011	2012	2012 (Unaudited)	2013 (Unaudited)
	(€ in thousands)			
Cash flows provided by operating activities	3,903	33,174	9,364	674
Cash flows provided by (used in) investing activities	(20,103)	(46,374)	(3,766)	10,251
Cash flows provided by (used in) financing activities	14,464	15,468	(5,195)	(4,757)
Increase (decrease) in cash at banks	(1,736)	2,268	403	6,168

Management's discussion and analysis of financial condition and results of operations

The following is a discussion and analysis of our results of operations and financial condition as of and for the years ended December 31, 2011 and 2012 as derived from our Audited Consolidated Financial Statements, and as of and for the three month period ended March 31, 2012 and 2013 as derived from our Unaudited Interim Condensed Consolidated Financial Statements, in each case prepared in accordance with Italian GAAP. Our Audited Consolidated Financial Statements and our Unaudited Interim Condensed Consolidated Financial Statements are included elsewhere in this Offering Memorandum.

You should read this discussion in conjunction with the sections entitled "Presentation of financial information", "Selected consolidated financial information", "Capitalization", "Annex A—Summary of certain differences between Italian GAAP as compared to IFRS", and the Audited Consolidated Financial Statements and the Unaudited Interim Condensed Consolidated Financial Statements all of which are included elsewhere in this Offering Memorandum.

This discussion includes forward-looking statements, which although based on assumptions that we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. See "Information regarding forward-looking statements" and, for a discussion of the risks and uncertainties which we face, you should also see "Risk factors".

OVERVIEW

We are the third largest gaming company in Italy based on total bet and distribution network (excluding B Plus, see "*Market and industry Data*"), with €6.4 billion in bet collected in 2012 across our network of approximately 13,000 points of sale. Italy is the largest gaming market in Europe based on gross gaming revenues and has doubled in total bet since 2007, reaching an estimated €87,200 million in 2012. See *"Industry overview"*. In particular, we are the second largest concessionaire in the video lottery terminal ("**VLT**"), one of the most attractive segments of the gaming market, and slot machines/amusement with prize machine ("**AWP**") gaming segments based on total bet collected and number of rights held.

As of December 31, 2012, we operated 7,089 VLTs, out of our 7,805 VLT rights and collected approximately €3.2 billion in bet in 2012 from our VLTs. By the end of 2012, we had rolled out approximately 91% of our total VLT rights (92% as of March 31, 2013, including approximately 500 VLTs generating minimum guaranteed monthly fees under contract but not yet collecting bet), compared to a market average of 80%, and we had substantially completed the investment cycle in our VLT distribution network.

VLTs offer a more attractive gaming proposition to players compared to traditional gaming products, due to the greater variety of games and a higher average payout ratio, including the possibility to win a jackpot of up to €500,000. In 2012, the overall VLT gaming segment generated an estimated €21,300 million in bet, representing one of the main drivers of growth of the overall Italian gaming market.

In addition, as of March 31, 2013, we provided network connection services to 43,075 AWPs and collected approximately €3.2 billion in bet from AWPs in 2012.

VLTs and AWPs represent our main operating activities, accounting for 32.8% and 65.4% of our total revenues and income, respectively, for the twelve months ended March 31, 2013. In the same period, VLTs and AWPs generated Contribution Margin of €73.0 million and €29.2 million, respectively, corresponding to 72.4% and 28.9% of our total Contribution Margin of €100.8 million, respectively. Our VLT and AWP concession will expire in March 2022.

We also operate in the betting and online areas through 89 betting shop licenses and 96 betting corner licenses and our website Gamenet.it. In particular, we offer physical and online betting (e.g., football, car racing, horse racing, etc.) and a wide variety of online-only products including poker, skill and prediction games.

We currently have the third largest gaming distribution network in Italy, with approximately 13,000 physical points of sale consisting of 660 gaming halls (37 of which are currently directly owned by us), directly owned and partner-managed betting shops (venues dedicated to gaming and betting) and betting corners (venues primarily dedicated to activities other than gaming and betting), bars, tobacco shops and newsstands as well as our website, Gamenet.it. As of December 31, 2012, approximately 43% of our points of sale were located in northern Italy, 32% were located in central Italy and the remaining 25% were located in southern Italy.

As of March 31, 2013, our distribution network included 660 gaming halls. On average, each gaming hall contains between ten to 20 VLTs and five to ten AWPs. Of the 660 gaming halls in our distribution network, we owned the leases and held the required authorizations for 37 gaming halls, of which 34 are currently operating under the Gamenet brand through contractual arrangements with third-party managers (*gestori*) responsible for the day-to-day operations of the gaming halls, including employment matters. In July 2013, we signed an agreement to acquire 63 additional gaming halls. The acquisition of each gaming hall is subject to obtaining permission from local authorities to transfer the existing authorizations from the seller to Gamenet Entertainment. The purchase price is calculated as a multiple of 2.5 times the EBITDA of each gaming hall for the year ended December 31, 2014, which we expect will not exceed €10.0 million in aggregate. At signing we paid approximately €5.0 million and the remaining portion of the consideration will be paid, in part, at closing and, in part, in 2015. See "*Business—Business Strategy—Continue to expand the number of leased and licensed points of sale and the number of Gamenet branded partner gaming halls in our distribution network*", "*Business—Our Distribution Network—Gaming Halls*" and "*Business—Our Retail Partner Relationships*".

Our key performance indicators for the year ended December 31, 2012 improved significantly compared to the prior year:

➤ Total bet of €6,386.4 million, as compared with €5,576.8 million (a 14.5% increase);

➤ Total revenues and income of €650.4 million, as compared with €630.9 million (a 3.1% increase);

➤ Total Contribution Margin of €97.9 million, as compared with €75.5 million (a 29.6% increase); and

➤ Total Adjusted EBITDA of €79.2 million, as compared with €57.3 million (a 38.3% increase).

In addition, for the three months ended March 31, 2013 as compared to the three months ended March 31, 2012, we generated:

➤ Total bet of €1,652.9 million, as compared with €1,521.1 million (a 9.3% increase);

➤ Total revenues and income of €145.6 million, as compared with €154.4 million (a 5.7% decrease);

➤ Total Contribution Margin of €25.8 million, as compared with €22.8 million (a 12.8% increase); and

➤ Total Adjusted EBITDA of €19.7 million, as compared with €17.2 million (a 14.2% increase).

See "*Management's discussion and analysis of financial condition and results of operations*".

PRESENTATION OF FINANCIAL INFORMATION

We prepare our consolidated financial statements in accordance with Italian GAAP. We may adopt IFRS for our consolidated financial statements in future years. Because there are significant differences between Italian GAAP and IFRS, if we were to prepare our financial statements on the basis of IFRS instead of Italian GAAP, there could be substantial differences in our results of operations, cash flows and financial position, including levels of indebtedness. In addition, our covenants may become more or less restrictive from time to time, depending upon the effect of the standards we adopt. See "*Annex A: Summary of certain differences between Italian GAAP as compared to IFRS*", and "*Risk Factors—Risks Related to Our Business—We have not included IFRS financial information in this offering memorandum, and there may be differences between our financial position and our results of operations prepared in accordance with Italian GAAP and IFRS*".

The information by business activity provided is based on the financial information which management use in monitoring the performance of the business and has not been prepared in accordance with Italian GAAP or any other accounting principles. If we present our consolidated financial statements in accordance with IFRS in the future, we may be required to present segment information. The segment information that we may be required to present in accordance with IFRS may differ from the information by business activity provided. Management believe that the information by business activity provided is useful in understanding the underlying trends of the different business activities.

KEY FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following are a description of the main factors which have affected our results of operations and financial condition, for the years ended December 31, 2011 and 2012 and the three months ended March 31, 2013.

Italian gaming industry trends

There has been significant growth in the Italian gaming industry and, in particular, in the VLT sector where we have focused a significant part of our operations. As a participant in the Italian gaming industry, we have benefited from such growth over each of the last two years.

The following table sets forth information based on AAMS data regarding trends in the Italian gaming industry for the years ended December 31, 2011 and 2012.

	2011(1)				2012(1)			
	Bet(2)	% of bet	Payout(3) % of bet	Gross gaming revenues	Bet(2)	% of bet	Payout(3) % of bet	Gross gaming revenues
	(in € millions, except percentages)							
VLT	14,745	18.6%	90.3%	1,435	21,300	24.5%	88.7%	2,400
AWP	29,870	37.5%	75.6%	7,282	27,400	31.5%	75.5%	6,700
Betting	4,098	5.1%	72.9%	1,111	3,700(4)	4.2%	78.4%	800(4)
Lottery	19,368	24.3%	64.0%	6,969	17,800	20.4%	66.9%	5,900
Bingo	1,666	2.1%	72.2%	463	1,700	1.9%	70.6%	500
Online gaming	9,850	12.4%	92.6%	731	15,300(4)	17.5%(4)	95.4%(4)	700(4)
Total	79,597	100.0%	77.4%	17,991	87,200	100.0%	80.5%	17,000

(1) Source: AAMS

(2) Bet refers to the total amount of wagers collected.

(3) Payout is the percentage of bet that is paid out to players as winnings.

(4) Source: management estimates based on information provided by AAMS.

Bet in the Italian gaming industry increased from €79.6 billion in 2011 to €87.2 billion in 2012, primarily driven by growth in VLT bet, which recorded a 44.4% increase, from €14.7 billion in 2011, to €21.3 billion in 2012. AWP bet decreased, from €29.9 billion in 2011, to €27.4 billion in 2012, in large part due to the competitive effect of the VLT roll out which began in 2010.

Group Trends

Our results of operations during the periods discussed herein have been principally affected by the growth in our VLT operations, a product for which roll out began in October 2010. We were awarded 7,805 VLT licenses, of which 7,217 (92.4% of total, including approximately 500 VLTs generating minimum guaranteed monthly fees under contract but not yet collecting bet) were rolled out by March 31, 2013. VLTs compete with AWPs; therefore, the growth in VLTs has negatively affected our AWP operations. Since their launch in 2010, VLTs have been popular with players mainly because of (i) the higher payout ratio compared to AWPs (payout for VLTs was 88.7% as compared to 75.5% for AWPs in 2012), (ii) the higher maximum bets and amount of winnings players can make (VLTs offer the possibility to win a jackpot of up to €500,000 and other prizes of up to €5,000 compared to €100 for AWPs) and (iii) the larger number of games available per gaming machine.

The following table sets forth an analysis of our revenues for the periods indicated:

	For the year ended December 31,				For the three months ended March 31,			
	2011	% total revenues	2012	% total revenues	2012	% total revenues	2013	% total revenues
	(in € thousands, except percentages)							
VLT	119,076	19.0%	199,787	31.0%	43,756	28.6%	51,146	35.6%
AWP	495,254	79.2%	432,726	67.2%	106,221	69.4%	89,022	62.1%
Betting and Online	10,998	1.8%	10,738	1.7%	3,020	2.0%	3,160	2.2%
Gaming Halls	17	0.0%	391	0.1%	10	0.0%	144	0.1%
Total	**625,345**	**100.0%**	**643,642**	**100.0%**	**153,007**	**100.0%**	**143,472**	**100.0%**

Our VLT revenues grew significantly over the past two years and the three months ended March 31, 2013, and represented 35.6% of our total revenues for the three months ended March 31, 2013, compared to 28.6% of our total revenues for the three months ended March 31, 2012, and 31.0% of our total revenues in the year ended December 31, 2012, compared to 19.0% in the year ended December 31, 2011.

The following table sets forth KPIs for our VLT operations for the periods indicated:

VLT

	For the year ended December 31,		For the three months ended March 31,	
	2011	2012	2012	2013
	(in € millions, except percentages)			
Number of VLT licenses awarded	7,805	7,805	7,805	7,805
Number of VLTs in operation as of the year/period end	5,232	7,089	5,880	7,217
VLT roll out achieved	*67.0%*	*90.8%*	*75.3%*	*92.4%*
Average number of VLTs in operation for the year/period	2,853	6,295	5,556	7,153
VLT bet	1,747	3,218	714	913
Winnings (as a percentage of bet)	*91.6%*	*89.9%*	*90.3%*	*89.7%*
VLT PREU (as a percentage of bet)	*2.0%*	*4.0%*	*4.0%*	*5.0%*
Revenue/bet ratio[(1)]	*6.8%*	*6.2%*	*6.1%*	*5.6%*

(1) Revenue/bet ratio is calculated as VLT revenue divided by VLT bet and is expressed as a percentage. Revenue/bet ratio represents the portion of bet which is converted into revenue.

Total VLT bet increased from €1,747 million in 2011 to €3,218 million in 2012, and from €714 million for the three months ended March 31, 2012 to €913 million for the three months ended March 31, 2013; largely as a result of the continued roll out of VLTs. In particular, the number of VLTs rolled out to our distribution network increased from 583 as of January 1, 2011, to 5,232 as of December 31, 2011, to 7,089 as of December 31, 2012 and to 7,217 as of March 31, 2013 (including approximately 500 VLTs generating minimum guaranteed monthly fees under contract but not yet collecting bet). The increase in VLT revenues has been partially offset by a decrease in AWP revenues. See "—*AWP*".

The following table sets forth KPIs for our AWP operations for the periods indicated:

AWP

	For the year ended December 31,		For the three months ended March 31,	
	2011	2012	2012	2013
	(in € millions, except percentages)			
Number of AWPs in operation as of the year/period end	45,669	46,801	45,845	43,075
Average number of AWPs in operation for the year/period	45,860	46,562	45,309	44,467
AWP bet	3,819	3,158	804	737
Winnings (as a percentage of bet)[(1)]	*75.0%*	*75.0%*	*75.0%*	*75.0%*
AWP PREU (as a percentage of bet)	*12.5%*	*11.8%*	*11.8%*	*12.7%*
Revenue/bet ratio[(2)]	*13.0%*	*13.7%*	*13.2%*	*12.1%*

(1) In 2011 and 2012, AAMS mandated that the minimum payout ratio for AWPs was 75% of bet. From 2013, AAMS reduced the minimum payout to 74%.

(2) Revenue/bet ratio is calculated as AWP revenue divided by AWP bet and is expressed as a percentage. Revenue/bet ratio represents the portion of bet which is converted into revenue.

Total AWP bet decreased from €3,819 million in 2011 to €3,158 million in 2012, and from €804 million for the three months ended March 31, 2012 to €737 million for the three months ended March 31, 2013. The decrease in AWP bet is largely attributable to the VLT roll out.

The replacement of AWP revenues with VLT revenues in our revenue mix has impacted our results of operations due to the different portion of players' bet which we record as revenues for VLTs compared to AWPs, and the different value chains and other direct and indirect costs attributable to VLTs and AWPs, respectively. Direct costs are those which are directly associated to our VLT, AWP, Betting and Online or Gaming Hall operations, and are largely variable costs based on either bet or bet less payout less PREU, for example distribution network compensation and VLT license platform fees. Indirect costs are the overhead costs, not directly attributable to our VLT, AWP, Betting and Online or Gaming Hall operations, but related to the general business as a whole. The following table provides an illustration of the portion of each €100 bet that we record as revenues and the value chain costs which are paid to the distribution network and AAMS for our VLT and AWP operations. The concessionaire share is the portion of bet which we retain to pay other direct and indirect costs of our business.

	For the year ended December 31,				For the three months ended March 31,	
	2011		2012		2013	
	VLT	AWP	VLT	AWP	VLT	AWP
	(in %)					
Bet	100.0	100.0	100.0	100.0	100.0	100.0
Payout[(1)]	(91.6)	(75.0)	(89.9)	(75.0)	(89.7)	(75.0)
PREU	(2.0)	(12.5)	(4.0)	(11.8)	(5.0)	(12.7)
Revenue	**6.4**	**12.5**	**6.1**	**13.2**	**5.3**	**12.3**
Distribution network compensation	(3.2)	(11.2)	(2.9)	(11.9)	(2.3)	(11.0)
AAMS concession fee[(2)]	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
Concessionaire share[(3)]	**2.9**	**1.0**	**2.9**	**1.0**	**2.7**	**1.0**

(1) VLT minimum payout of 85.0% for all periods, and AWP minimum payout of 75.0% for 2011 and 2012, and 74.0% for 2013 are mandated by AAMS.

(2) Represents the net amount of the 0.8% security deposit and concession fee to AAMS. AAMS retains 0.3% of the bet as the concession fee, the remaining 0.5% is subsequently reimbursed to us, in whole or in part, once a year, subject to our compliance with certain service and quality requirements.

(3) Concessionaire share does not include the VLT platform license fees, which approximated 0.6% of VLT bet in 2011 and 0.4% of VLT bet in 2012 and for the three months ended March 31, 2013. Such fees constitute other direct costs.

AWPs make larger contributions to consolidated revenues as a percentage of bet than VLTs due to the different payout and PREU characteristics. In particular, in the year ended December 31, 2012, for every €100 of bet, €13.2 was recorded as revenues for AWP compared to €6.1 for VLT. However, we incur higher distribution network compensation expenses for AWPs compared to VLTs, primarily due to the fact that we do not own the AWPs and thus, must compensate the AWP operator, while we do own the VLTs. Therefore, the AWP operator incurs the capital expenditure for such products, whereas we incur the capital expenditure for VLTs.

We measure the profitability of the business operations using Contribution Margin (which is calculated as total revenues and income of the relevant business activity less all of the direct costs on the basis of business activity). See "*—Information by business activity*". The Contribution Margin as a percentage of net bet (bet less payout) of the VLT business was 21.5% in 2012 compared to 3.8% for AWP operations. The lower Contribution Margin for AWPs is primarily related to the higher distribution network compensation for AWPs compared to VLTs. The distribution network compensation in 2012 for AWPs corresponded to €11.9 for every €100 bet, of which approximately 50% is paid to the AWP operator, and the remaining 50% to the point of sale, compared to €2.9 for VLTs. As a result, although we record higher revenues for AWPs, we also have a lower share of the value chain, which is illustrated in the table above showing that, for the year ended December 31, 2012, the concessionaire share of every €100 bet is €1.0 for AWP compared to €2.9 for VLT. Increases in VLT PREU are proportionally shared by us and the distribution network, whereas our compensation for the AWP operations is set and based on bet, and as such, any increase in AWP PREU is borne by the AWP operator and the point of sale. Finally, the other direct costs for the VLT operations are generally higher than for the AWP operations, in particular, with respect to the VLT platform fees (fees payable to the providers of VLT hardware and software, which are based on VLT bet, less payout less PREU). VLT platform fees approximated 0.6% of our VLT bet in 2011 and 0.4% of our VLT bet in 2012 and the three months ended March 31, 2013, such variation was primarily attributable to the increase in PREU, from 2% in 2011, to 4% in 2012, and to 5% in 2013. Therefore, VLTs tend to be more profitable than AWPs, even after the deduction of VLT platform fees and other costs. For further details of the discussion and analysis of contribution margin see "*—Information by business activity*".

Changes in Gaming Regulation and Gaming Taxes

The gaming industry in Italy is regulated by AAMS, which governs, *inter alia*, the taxes charged on gaming, the awarding, the monitoring and the renewal of gaming concessions, the minimum payout ratios on certain games and other legislation designed to encourage responsible gaming. These factors and their impact on our results of operations are further discussed below.

Changes to Gaming Taxes

In the reporting periods, AAMS has changed the gaming taxes it imposes on VLTs and AWPs ("PREU"), which are calculated with reference to bet. Our consolidated revenues are derived from the bet placed by the player net of the payout and PREU taxes. To the extent that any change in PREU cannot be offset by a change in the payout, changes in PREU have a direct impact on the net bet of the machine and therefore, the amount which we record as consolidated revenues.

In particular, the following changes in gaming taxes have affected our results of operations over the two year period ended December 31, 2012 and the three months ended March 31, 2013.

- ➤ On awarding the VLT licenses in 2009, AAMS stated that the tax on the total bet of these gaming terminals would increase from 2% in 2010 and 2011 to 3% in 2012 and 4% in 2013. A fiscal decree issued in November 2011 amended the VLT taxation system, making the increase to 4% effective for 2012, and increasing to 5% from January 1, 2013. As VLT revenues are stated net of PREU, these increases in taxation have had the effect of reducing the revenue/bet ratio, which decreased from 6.8% for the year ended December 31, 2011 to 5.6% for the three months ended March 31, 2013. In order to mitigate the effects of the increase in PREU of VLTs, we have decreased the amount of VLT jackpots and we are also in the process of reducing the payout on VLTs by a limited amount, a process which we expect to have completed for approximately half of our VLTs by the end of 2013, with the remaining half expected to be completed in the following 12 months. See "*—Flexibility of minimum payout ratios*" for further details.

➤ PREU on AWPs decreased from 12.5% in 2011 to 11.8% in 2012, and increased again to 12.7% from January 1, 2013. The temporary PREU deduction was designed to give relief to AWP operators in 2012 in order to facilitate the installation of GPSs on all AWPs in accordance with AAMS requirements. In order to mitigate the effects of the increase in PREU from 11.8% in 2012 to 12.7% in 2013, AAMS has provided for a decrease in the minimum payout for AWPs, from 75% in 2012 to 74% in 2013.

The following table sets forth the PREU charged on these activities for the periods indicated as a percentage of bet:

	For the year ended December 31,		For the three months ended March 31,	
	2011	2012	2012	2013
PREU on AWPs	12.5%	11.8%	11.8%	12.7%
PREU on VLTs	2.0%	4.0%	4.0%	5.0%

Flexibility of minimum payout ratios

AAMS determines the minimum payout on the VLT and AWP games. The table below sets forth the minimum payout ratios, expressed as a percentage of total bet, imposed by AAMS on the VLTs and AWPs for the periods indicated and our average payout ratios.

	For the year ended December 31,		For the three months ended March 31,	
	2011	2012	2012	2013
Minimum set by AAMS				
AWPs	75.0%	75.0%	75.0%	74.0%
VLTs	85.0%	85.0%	85.0%	85.0%
Gamenet average				
AWPs	75.0%	75.0%	75.0%	75.0%
VLTs	91.6%	89.9%	90.3%	89.7%

In connection with the launch and roll out of VLTs, for marketing purposes all Italian VLT concessionaires' games have paid out more than the minimum required by AAMS. We believe that these higher payout rates develop a positive player experience and as a result, consumers are more likely to play again. For example, our average VLT payout was 89.9% in 2012 and 89.7% for the three months ended March 31, 2013, while the Italian gaming industry average payout on VLTs in 2012 was 88.7%, compared to the 85.0% minimum required by AAMS. We have initiated the process to reduce the payout and have contacted SOGEI to modify the algorithms to decrease the payout in both our platforms. Because our average VLT payout exceeds the minimum required by AAMS, we do not expect the planned limited and gradual decrease in VLT payout to negatively impact consumer demand. By decreasing the payout, we are able to mitigate the impact of the increases in PREU which reduce our revenue/bet ratio. We also expect other VLT concessionaires to reduce payout to offset PREU increases.

Gaming halls

As part of our strategy to reduce distribution network costs and increase our share of the value chain, we have been and intend to focus in the future, on the expansion of our proprietary gaming facilities. Owning the gaming halls means that we hold the required authorizations to operate the points of sale and pay the leasing and operational costs of the facility and the AWP operator fees, but we do not pay a fee to the distribution network. By eliminating the fee to the distribution network we are able to capture a higher portion of the value chain. We manage 34 gaming halls under the Gamenet brand, through third-party gaming hall managers responsible for the day-to-day operations of the gaming hall including staff (as a result, in most of our gaming halls, we do not have employees). While the fee to the gaming hall managers is a variable cost, the lease and operational costs are generally fixed.

Therefore, we expect to benefit from growth in the business by owning and therefore, controlling, a greater portion of the value chain. In July 2013, we signed an agreement to acquire 63 additional gaming halls. The acquisition of each gaming hall is subject to obtaining permission from local authorities to transfer the existing authorizations from the seller to Gamenet Entertainment. The purchase price is calculated as a multiple of 2.5 times the EBITDA of each gaming hall for the year ended December 31, 2014, which we expect will not exceed €10.0 million in aggregate. At signing we paid approximately €5.0 million and the remaining portion of the consideration will be paid, in part, at closing and, in part, in 2015. Budgeted capital expenditure for 2013 is approximately €17.7 million, in which the 2013 cost relating to these acquisitions is included. The impact of our acquiring the 37 gaming halls on our results of operations for the year ended December 31, 2012, and our results of operations for the three months ended March 31, 2013 was marginal; however, we expect future benefits from this area, and the growth of gaming hall operations is one of our key strategies for the future.

Impact of extraordinary items—impairment of receivables and tax refund

In November 2010, in connection with Trilantic becoming our principal shareholder, our former controlling shareholder, CRIGA, agreed to guarantee the payment of specific receivables, accrued in previous periods and owed by our distribution network for amounts in excess of €15 million, in cases of non-collection. In 2011, we determined that we could not recover a portion of these receivables, and as such, recorded an impairment of €8.4 million, to bring the total impairment on the specific receivables to €15 million, which represented our maximum exposure as of December 31, 2011. In 2012, an amended contract was agreed pursuant to which CRIGA no longer guaranteed the receivables. See "*Related party transactions*". As a result, in 2012, a further impairment of €8.9 million was recorded.

Additionally, in 2010, we sold receivables to CRIGA below the book value and recorded a loss in the consolidated income statement, which we did not initially consider as tax deductible. In 2011, as a result of a specific assessment made by external tax advisors, we submitted a request for repayment of tax of €4.1 million, relating to the tax which is considered to have been overpaid in connection with the abovementioned transaction and we recorded an extraordinary income of €4.1 million. The tax authority is currently reviewing our refund application.

Description of Key Line Items and Certain Key Performance Indicators

Revenues

Revenues include the consideration we account for the following products we offer:

- *VLT revenues* include the revenues generated by our VLTs. VLT revenues are recorded net of PREU tax and winnings.
- *AWP revenues* include the revenues generated by our AWPs. AWP revenues are recorded net of PREU tax and winnings.
- *Betting and online revenues* include the revenues generated by physical and online, horse and sports betting offerings and the revenues by our online gaming activities. These revenues are recorded gross of tax and winnings. Betting and online winnings are recorded as an expense within cost of services and tax is recorded within other operating expenses.
- *Gaming Hall revenues* primarily include the annual services fee charged to gaming halls.

Other income

Other income includes the charge back of penalties and taxes to clients and, to a lesser extent, other sundry income.

Cost of services

Cost of services primarily includes:

- *operator and point of sale costs*, relating to the compensation paid to the distribution network or third-party points of sale, as applicable, for hosting our VLTs and AWPs. Such costs are based on a percentage of bet after certain deductions, including payout and PREU. In 2012, approximately 11.9% of AWP bet and 2.9% of VLT bet was paid to the distribution network. VLTs have lower costs of services because we own and directly manage the VLTs, while we do not own the AWPs, and as such, have to pay a fee to the AWP operator;
- *betting and online winnings*, relating primarily to the amounts won on the horse and sports betting products we offer, and to a lesser extent on the online game products. Betting winnings are affected by the results of sporting events;
- *tax, administrative and legal advice*, relating primarily to expenses incurred for external consultation on tax; and administrative and legal issues.
- *others*, which includes network expenses, sponsorship expenses and other sundry costs of services.

Other operating costs

Other operating costs primarily include:

- *AAMS concession fee*, which represents the amount payable to AAMS for the VLT and AWP concession, calculated as 0.3% of VLT and AWP bet;
- *fee on VLT platform licenses*, which is the amount payable to the VLT platform providers for use of their systems within our VLTs. The fee on VLT platform licenses is fully variable and is calculated based on a percentage of VLT bet after certain deductions, including payout and VLT PREU, and in 2012 corresponded to approximately 0.4% of VLT bet collected;
- *lease of offices*, relate to the rent we incurred in leasing offices for our operations; and
- *others*, relating primarily to the rental of exhibition materials, rent incurred in leasing gaming halls we operate directly and to a lesser extent vehicle rental expenses.

Personnel expenses

Personnel expenses include the wages and salaries expense related to our workforce, and to a lesser extent, social security contributions and employee service indemnity.

Accruals and provisions

Accruals and provisions relate primarily to accruals for provisions for risks and charges, penalties payable to AAMS, the write down of receivables, and other sundry operating expenses.

Depreciation, amortization and impairments

Depreciation, amortization and impairments relate to the depreciation of property, plant and equipment, amortization of intangible assets, and to the impairments on property, plant and equipment and intangible assets, if any.

Operating profit

Operating profit is calculated as total revenues and income, less cost of services, lease and rental expenses, personnel expenses, other operating expenses, purchases of materials, consumables and merchandise, and depreciation, amortization and impairments.

Finance income

Finance income relates primarily to interest generated on our cash deposits.

Finance expenses

Finance expenses relates primarily to the interest expense on our financial liabilities.

Extraordinary expense

Extraordinary expense includes items of income and expenditure, which, due to their nature or size are considered exceptional.

Income tax

Income tax expense comprises current income tax expense and deferred tax benefits or expenses.

Other Ratios and Measures

We also use certain additional key performance indicators, which in our view provide an additional measure of our performance, such as bet, payout, revenue/bet ratio and Contribution Margin to assess our underlying performance. Our definitions of such items may differ from those used by other companies, therefore comparability may be limited. Bet, payout, revenue/bet ratio, and Contribution Margin are Non-GAAP Financial Measures and should not be considered as an alternative to operating profit or operating margin as a measure of operating performance. See "*Presentation of financial information*".

Bet

Bet refers to the total amount of wagers collected. In the gaming industry "bet" is also widely referred to as "wagers". See "*Industry overview—Italian Gaming Market*".

Payout

We define payout as the percentage of bet that is paid out to players as winnings.

Revenue/bet ratio

Revenue/bet ratio is calculated as revenue divided by bet, as defined above, and is expressed as a percentage. Revenue/bet ratio represents the proportion of total bet which is converted into revenue for each individual product.

Contribution Margin

We measure the profitability of our business activities using "Contribution Margin", which is calculated as the total revenues and income of the relevant business activity net of distribution network costs and other direct costs, which are directly attributable to the operations of the relevant business activity, before the intercompany elimination. Contribution Margin excludes indirect costs, which are related to overhead and general costs incurred for the overall operations of the Group.

RESULTS OF OPERATIONS

Three months ended March 31, 2013 compared to the three months ended March 31, 2012

	For the three months ended March 31,				Change	
	2012 (Unaudited)	% of revenues	2013 (Unaudited)	% of revenues	(amount)	%
	(in € thousands, except percentages)					
Revenues	153,007	100.0%	143,472	98.6%	(9,535)	−6.2%
Other income	1,412	0.9%	2,091	1.4%	679	48.1%
Total revenues and income	**154,419**		**145,563**		**(8,856)**	**−5.7%**
Cost of service	(125,758)	82.2%	(111,713)	76.7%	14,045	−11.2%
Other operating costs	(8,594)	5.6%	(9,656)	6.6%	(1,062)	12.4%
Personnel expenses	(2,485)	1.6%	(2,825)	1.9%	(340)	13.7%
Accruals and provisions	(462)	0.3%	(1,709)	1.2%	(1,247)	269.9%
Purchases of materials, consumables and merchandise	(23)	0.0%	(152)	0.1%	(129)	560.9%
Depreciation, amortization and impairments	(5,355)	3.5%	(6,212)	4.3%	(857)	16.0%
Operating profit	**11,742**	**7.7%**	**13,296**	**9.1%**	**1,554**	**13.2%**
Finance income	266	0.2%	194	0.1%	(72)	−27.1%
Finance expenses	(2,816)	1.8%	(2,578)	1.8%	238	−8.5%
Extraordinary income/(expenses)	(183)	0.1%	50	0.0%	233	−127.3%
Profit Before Tax	**9,009**	**5.9%**	**10,962**	**7.5%**	**1,953**	**21.7%**
Income tax	(3,856)	2.5%	(4,118)	2.8%	(262)	6.8%
Profit for the period	**5,153**	**3.4%**	**6,844**	**4.7%**	**1,691**	**32.8%**

Revenues

The following table sets forth an analysis of our revenues by business activity for the three months ended March 31, 2012 and 2013.

	For the three months ended March 31,				Change	
	2012 (Unaudited)	% of total revenues	2013 (Unaudited)	% of total revenues	(amount)	%
	(in € thousands, except percentages)					
VLT revenues	43,756	28.6%	51,146	35.6%	7,390	16.9%
AWP revenues	106,221	69.4%	89,022	62.1%	(17,199)	−16.2%
Betting and online	3,020	2.0%	3,160	2.2%	140	4.6%
Gaming Halls	10	0.0%	144	0.1%	134	n.a.
Total	**153,007**	**100.0%**	**143,472**	**100.0%**	**(9,535)**	**−6.2%**

Revenues amounted to €143.5 million for the three months ended March 31, 2013, a decrease of €9.5 million, or 6.2%, from €153.0 million for the three months ended March 31, 2012, primarily driven by a decrease in AWP revenues which was partially offset by an increase in VLT revenues, as further discussed below.

VLT revenues

VLT revenues amounted to €51.1 million for the three months ended March 31, 2013, an increase of €7.3 million, or 16.9%, from €43.8 million for the three months ended March 31, 2012, driven by the continued roll out of the VLTs. In particular, the average number of VLTs increased to 7,153 for the three months ended March 31, 2013 from 5,556 for the three months ended March 31, 2012.

Total VLT bet increased by 27.9%, from €714 million for the three months ended March 31, 2012 to €913 million for the three months ended March 31, 2013.

VLT revenues did not increase with the same order of magnitude as total bet, due to a decrease in the revenue/bet ratio, from 6.1% for the three months ended March 31, 2012 to 5.6% for the three months ended March 31, 2013, attributable to the increase in VLT PREU from 4% in 2012 to 5% from January 1, 2013, which was partially offset by a decrease in payout, from 90.3% for the three months ended March 31, 2012 to 89.7% for the three months ended March 31, 2013.

AWP revenues

AWP revenues amounted to €89.0 million for the three months ended March 31, 2013, a decrease of €17.2 million, or 16.2%, from €106.2 million for the three months ended March 31, 2012. The decrease in AWP revenues is in part attributable to a decrease in AWP bet, which amounted to €737 million for the three months ended March 31, 2013, a decrease of €67 million, or 8.3%, from €804 million for the three months ended March 31, 2012, and in part attributable to a decrease in revenue/bet ratio from 13.2% for the three months ended March 31, 2012, to 12.1% for the three months ended March 31, 2013 driven primarily by an increase in AWP PREU from 11.8% in 2012 to 12.7% in 2013. The decrease in AWP bet is primarily attributable to the continued roll out of VLTs, a competitor product to the AWPs.

Betting and Online

Betting and online revenues were substantially unchanged amounting to €3.2 million for the three months ended March 31, 2013 and €3.0 million for the three months ended March 31, 2012.

Other income

Other income amounted to €2.1 million for the three months ended March 31, 2013, an increase of €0.7 million, or 48.1%, from €1.4 million for the three months ended March 31, 2012. Such increase consisted primarily of the AWP certification costs ("**NOE**") obtained from AAMS. Such cost was initially recognized as an expense in prior periods and the recharge to the distribution network was subsequently recognized as other income.

Cost of services

Cost of services amounted to €111.7 million for the three months ended March 31, 2013, a decrease of €14.1 million, or 11.2%, from €125.8 million for the three months ended March 31, 2012. As a percentage of revenues, costs of services has decreased from 82.2% for the three months ended March 31, 2012 to 76.7% for the three months ended March 31, 2013, driven by the change in the composition of revenues, with a larger contribution from VLTs, which have lower costs of services than the AWPs. In particular, cost of services mainly relates to the compensation paid to the distribution network, which amounted to €105.2 million for the three months ended 2013, a decrease of €14.2 million, or 11.9%, from €119.4 million for the three months ended March 31, 2012.

Cost of services also includes betting and online winnings which were substantially unchanged year on year, amounting to €2.2 million for the three months ended March 31, 2013 and € 2.3 million for the three months ended March 31, 2012. The €0.1 million increase in betting and online winnings is a result of the combined effect of a €0.2 million increase in betting and online bet, which was partially offset by a decrease in payout, from 75.6% for the three months ended March 31, 2012, to 68.3% for the three months ended March 31, 2013, reflecting a more favorable period for the bookmaker in 2013.

Other operating costs

Other operating costs amounted to €9.7 million for the three months ended March 31, 2013, an increase of €1.1 million, or 12.4%, from €8.6 million for the three months ended March 31, 2012. As a percentage of revenues, other operating costs increased from 5.6% for the three months ended March 31, 2012, to 6.6% for the three months ended March 31, 2013, as a result of an increase in AAMS concession fees charged, increase in fees charged on VLT platform licenses and other expenses related to our acquisition of 37 gaming halls in 2012, as explained below. The following table sets forth an analysis of other operating costs for the periods indicated.

	For the three months ended March 31,				Change	
	2012 (Unaudited)	% of total revenues	2013 (Unaudited)	% of total revenues	(amount)	%
	(in € thousands, except percentages)					
AAMS concession fee	4,578	3.0%	4,987	3.5%	409	8.9%
Fee on VLT platform licenses	3,023	2.0%	3,398	2.3%	375	12.4%
Others[(1)]	993	0.6%	1,271	0.8%	278	28.0%
Total	**8,594**	**5.6%**	**9,656**	**6.6%**	**1,062**	**12.4%**

(1) Others primarily includes rental of offices, lease of exhibition materials, lease of gaming halls and vehicle rental expenses.

Other operating costs primarily relate to:

➤ *AAMS concession fee* which amounted to €5.0 million for the three months ended March 31, 2013, an increase of €0.4 million, or 8.9%, from €4.6 million for the three months ended March 31, 2012. The increase in AAMS concession fee is directly attributable to the increase in AWP and VLT bet which totaled €1,650 million for the three months ended March 31, 2013 compared to €1,518 million for the three months ended March 31, 2012.

➤ *Fee on VLT platform licenses* which amounted to €3.4 million for the three months ended March 31, 2013, an increase of €0.4 million, or 12.4%, from €3.0 million for the three months ended March 31, 2012, driven primarily by an increase in VLT bet, from €714 million for the three months ended March 31, 2012, to €913 million for the three months ended March 31, 2013.

➤ *Others* which amounted to €1.3 million for the three months ended March 31, 2013, an increase of €0.3 million, or 28.0%, from €1.0 million for the three months ended March 31, 2012, primarily attributable to the acquisition of the 37 gaming halls in late 2012, for which the company incurred €0.3 million in gaming hall rental expenses for the three months ended March 31, 2013 compared to nil for the three months ended March 31, 2012.

Personnel expenses

Personnel expenses amounted to €2.8 million for the three months ended March 31, 2013, an increase of €0.3 million, or 13.7%, from €2.5 million for the three months ended March 31, 2012, and as a percentage of revenues increased from 1.6% to 1.9%. The increase in personnel costs is primarily related to an increase in the number of people employed by us, from 149 as of March 31, 2012 to 181 as of March 31, 2013, to support the growth in the business.

Accruals and provisions

Accruals and provisions amounted to €1.7 million for the three months ended March 31, 2013, an increase of €1.2 million, from €0.5 million for the three months ended March 31, 2012, primarily related to the provision for doubtful receivables, which amounted to €1.2 million for the three months ended March 31, 2013, compared to nil for the three months ended March 31, 2012.

Depreciation, amortization and impairments

Depreciation, amortization and impairments amounted to €6.2 million for the three months ended March 31, 2013, an increase of €0.8 million, or 16.0%, from €5.4 million for the three months ended March 31, 2012. As a percentage of revenues depreciation amortization and impairments increased from 3.5% for the three months ended March 31, 2012 to 4.3% for the three months ended

March 31, 2013. The following table sets forth an analysis of depreciation, amortization and impairments for the periods indicated.

	For the three months ended March 31,				Change	
	2012 (Unaudited)	% of total revenues	2013 (Unaudited)	% of total revenues	(amount)	%
	(in € thousands, except percentages)					
Amortization of VLT concessions	2,666	1.7%	2,798	2.0%	132	5.0%
Amortization of other intangible assets	1,173	0.8%	1,594	1.1%	421	35.9%
Depreciation of tangible fixed assets	1,516	1.0%	1,820	1.2%	304	20.1%
Total	**5,355**	**3.5%**	**6,212**	**4.3%**	**857**	**16.0%**

The increase in depreciation, amortization and impairments is attributable to the combined effect of the following:

- A €0.1 million increase in amortization of VLT concessions, from €2.7 million for the three months ended March 31, 2012 to €2.8 million for the three months ended March 31, 2013, as a result of the continued roll out of VLTs.
- A €0.4 million increase in the amortization of other intangible assets, from €1.2 million for the three months ended March 31, 2012 to €1.6 million for the three months ended March 31, 2013, largely attributable to an increase in other intangible asset amortization, and in particular, relating to the investment in AWP NOEs performed in 2012, and to a lesser extent, leasehold improvement amortization, as a result of the investments throughout 2012 in our new headquarter offices in Rome.
- A €0.3 million increase in depreciation of tangible fixed assets, from €1.5 million for the three months ended March 31, 2012 to €1.8 million for the three months ended March 31, 2013, related to the depreciation of industrial and commercial equipment and hardware, in particular, depreciation of network equipment increased by €0.2 million and VLT and related equipment depreciation increased by €0.1 million as a result of the continuing investment in these items.

Operating profit

Operating profit amounted to €13.3 million for the three months ended March 31, 2013, an increase of €1.6 million, or 13.2%, from €11.7 million for the three months ended March 31, 2012. Operating profit as a percentage of revenues increased from 7.7% for the three months ended March 31, 2012 to 9.1% for the three months ended March 31, 2013.

Finance expenses

Finance expenses amounted to €2.6 million for the three months ended March 31, 2013, a decrease of €0.2 million, or 8.5%, from €2.8 million for the three months ended March 31, 2012. In both periods, finance expenses primarily included interest on borrowings.

Profit before tax

Profit before tax amounted to €11.0 million for the three months ended March 31, 2013, an increase of €2.0 million, or 21.7%, from €9.0 million for the three months ended March 31, 2012. As a percentage of revenues, our profit before tax increased from 5.9% for the three months ended March 31, 2012 to 7.5% for the three months ended March 31, 2013.

Income tax

Income tax amounted to €4.1 million for the three months ended March 31, 2013, an increase of €0.2 million, or 6.8%, from €3.9 million for the three months ended March 31, 2012. Such increase is primarily attributable to an increase in the profit before tax. The table below sets forth an analysis of the income tax expense for the periods indicated.

	For the three months ended March 31,	
	2012	2013
	(in € thousands, except percentages)	
Total tax	3,856	4,118
Profit before tax	9,009	10,962
Effective tax rate	42.8%	37.6%

The effective tax rate was 37.6% for the three months ended March 31, 2013 compared to 42.8% for the three months ended March 31, 2012. The decrease is attributable to permanent tax differences which remained relatively stable, while profit before tax increased from €9.0 million for the three months ended March 31, 2012 to €11.0 million for the three months ended March 31, 2013, with the overall effect of a decrease in effective tax rate.

Profit for the period

As a result of the factors explained above, profit for the period amounted to €6.8 million for the three months ended March 31, 2013, an increase of €1.6 million, or 32.8%, from €5.2 million for the three months ended March 31, 2012.

Year ended December 31, 2011 compared to year ended December 31, 2012

	For the year ended December 31,				Change	
	2011	% of revenues	2012	% of revenues	(amount)	%
	(in € thousands, except percentages)					
Revenues	625,345	100.0%	643,642	100.0%	18,297	2.9%
Other income	5,514	0.9%	6,765	1.1%	1,251	22.7%
Total revenues and income	**630,859**		**650,407**		**19,548**	
Cost of services	(534,755)	85.5%	(521,332)	81.0%	(13,423)	−2.5%
Other operating costs	(29,437)	4.7%	(37,050)	5.8%	7,613	25.9%
Personnel expenses	(7,816)	1.2%	(9,866)	1.5%	2,050	26.2%
Accruals and provisions	(4,172)	0.7%	(8,241)	1.3%	4,069	97.5%
Purchases of materials, consumables and merchandise	(79)	0.0%	(245)	0.0%	166	210.1%
Depreciation, amortization and impairments	(15,376)	2.5%	(21,316)	3.3%	5,940	38.6%
Operating profit	**39,224**	**6.3%**	**52,357**	**8.1%**	**13,133**	**33.5%**
Finance income	2,200	0.4%	1,060	0.2%	(1,140)	−51.8%
Finance expenses	(11,981)	1.9%	(10,726)	1.7%	(1,255)	−10.5%
Impairment of financial assets	(134)	0.0%	(31)	0.0%	(103)	−76.9%
Extraordinary expenses	(5,981)	1.0%	(6,807)	1.1%	826	13.8%
Profit Before Tax (PBT)	**23,328**	**3.7%**	**35,853**	**5.6%**	**12,525**	**53.7%**
Income tax	(9,918)	1.6%	(14,302)	2.2%	(4,384)	44.2%
Profit for the year	**13,410**	**2.1%**	**21,551**	**3.3%**	**8,141**	**60.7%**

Revenues

The following table sets forth an analysis of our revenues by business activity in 2011 and 2012.

	For the year ended December 31,				Change	
	2011	% total revenues	2012	% total revenues	(amount)	%
	(in € thousands, except percentages)					
VLT revenues	119,076	19.0%	199,787	31.0%	80,711	67.8%
AWP revenues	495,254	79.2%	432,726	67.2%	(62,528)	−12.6%
Betting and online	10,998	1.8%	10,738	1.7%	(260)	−2.4%
Gaming Halls	17	0.0%	391	0.1%	374	n.a.
Total	**625,345**	**100.0%**	**643,642**	**100.0%**	**18,297**	**2.9%**

Revenues amounted to €643.6 million in 2012, an increase of €18.3 million, or 2.9%, from €625.3 million in 2011, primarily driven by an increase in VLT revenues, which was partly offset by a decrease in AWP revenues, as further discussed below.

VLT revenues

VLT revenues amounted to €199.8 million in 2012, an increase of €80.7 million, or 67.8%, from €119.1 million in 2011, primarily as a result of an increase in VLT bet to €3,218 million in 2012 from €1,747 million in 2011. The increase in VLT revenues has been supported by the continued roll out of the VLTs. In particular, the average number of VLTs increased to 6,295 in 2012 from 2,853 in 2011. Total VLT bet increased by €1,471 million from €1,747 million for the year ended December 31, 2011 to €3,218 million for the year ended December 31, 2012.

Despite the 84.2% increase in bet, VLT revenues only increased by 67.8%, due to a decrease in the revenue/bet ratio from 6.8% in 2011 to 6.2% in 2012. This decrease was attributable to the combined effect of an increase in VLT PREU, from 2% in 2011 to 4% in 2012, which was partially offset by a decrease in the payout ratio from 91.6% in 2011 to 89.9% in 2012, mainly related to a decrease in the jackpots for Spielo terminals that took effect in 2012. During 2012, we decreased the Spielo jackpot payout to partially offset the increase in taxes as our VLT payout has always been above the minimum 85% required by AAMS.

AWP revenues

AWP revenues amounted to €432.7 million in 2012, a decrease of €62.5 million, or 12.6%, from €495.2 million in 2011. The decrease in AWP revenues is attributable to a decrease in AWP bet, which amounted to €3,158 million for 2012, a decrease of €661 million, or 17.3%, from €3,819 million for 2011. Such decrease is primarily attributable to the continued roll out of VLTs, which have been successful, in winning market share from the AWPs. Such trend is reflected in the broader Italian gaming industry, which saw AWP bet decrease by 8.3% from 2011 to 2012, while VLT bet increased by 44.4% over the same period. The decline in our AWP bet compared to that of the broader Italian gaming industry is a consequence of our risk management approach on continuing to request guarantees from point of sales. In particular, given that some competitors are no longer requesting guarantees from point of sales, we have experienced a loss of some of our distribution managers.

Despite the 17.3% decrease in bet, revenues only decreased by 12.6%, as the decrease in bet was partially offset by an increase in the revenue/bet ratio from 13.0% in 2011 to 13.7% in 2012 due to a decrease on AWP PREU from 12.5% in 2011 to 11.8% in 2012.

Betting and Online

Betting and online revenues amounted to €10.7 million in 2012, a decrease of €0.3 million, or 2.4%, from €11.0 million in 2011. Such decrease was primarily attributable to a €3.3 million decrease in online gaming revenues, which were significantly higher in 2011, primarily due to the initial success of the launch of online poker in 2010. In 2012, we did not materially expand our online games offering. The decrease in online game revenues was almost fully offset by a €3.0 million increase in betting revenues, primarily driven by a change in legislation, which allowed us to relocate or reactivate 17 rights to more advantageous geographical locations. Betting revenues are shown gross of the winnings payable to customers, which amounted to €8.4 million in 2012 and €8.5 million in 2011, and are recorded in the line item "cost of services" in our consolidated income statement.

Other income

Other income amounted to €6.8 million in 2012, an increase of €1.3 million, or 22.7%, from €5.5 million in 2011, primarily as a result of an increase in penalties charged to the distribution network, for having exceeded the maximum number of gaming units per square meter established by AAMS in 2011. Such penalties were paid to AAMS and recognized as an expense in 2011, while the recharge, and recognition as other income, was performed during both 2011 and 2012.

Cost of services

Cost of services amounted to €521.3 million in 2012, a decrease of €13.5 million, or 2.5%, from €534.8 million in 2011. As a percentage of revenues, costs of services has decreased from 85.5% in 2011 to 81.0% in 2012, primarily because of a higher contribution from VLTs that have lower costs of services, because we own and directly manage the VLTs. In particular, cost of services mainly relates to the compensation paid to the distribution network, which amounted to €495.8 million in 2012, a decrease of €14.2 million, or 2.8%, from €510.0 million in 2011. Such compensation comprises the fee paid to the distribution network which is fully variable and based on the relevant AWP and VLT bet (11.9% of AWP bet and 2.9% of VLT bet in 2012). The decrease in operator and point of sale costs is therefore related to the change in mix of the bet, whereby VLTs represented 31.0% of our revenues in 2012 compared to 19.0% in 2011.

Cost of services also includes betting and online winnings which amounted to €8.4 million in 2012, a decrease of €0.1 million, or 1.2%, from €8.5 million in 2011, primarily attributable to the combined effect of (i) a €3.0 million decrease in online game winnings, driven by the previously described decrease in online gaming volumes, which was partially offset by (ii) a €2.9 million increase in betting winnings, attributable to the combined effect of the increase in betting bet and the increase in payout, from 71.5% in 2011 to 77.6% in 2012. The increase in payout reflects a less favorable year in terms of sporting results for the bookmakers, which is reflected in the industry trends, where the payout as a percentage of bet increased from 72.9% in 2011 to 78.4% in 2012, according to the industry information provided by AAMS.

Other operating costs

Other operating costs amounted to €37.0 million in 2012, an increase of €7.6 million, or 25.9%, from €29.4 million in 2011. As a percentage of revenues other operating costs increased from 4.7% in 2011 to 5.8% in 2012, principally as a result of an increase in the AAMS concession fee and an increase in the fee on VLT platform licenses, as explained below. The following table sets forth an analysis of other operating costs for the periods indicated.

	For the year ended December 31,				Change	
	2011	% total revenues	2012	% total revenues	Amount	%
	(in € thousands, except percentages)					
AAMS concession fee	16,772	2.7%	19,144	3.0%	2,372	14.1%
Fee on VLT platform licenses	9,699	1.6%	13,877	2.2%	4,178	43.1%
Lease of offices	603	0.1%	1,173	0.2%	570	94.5%
Others(1)	2,363	0.3%	2,856	0.4%	493	20.9%
Total	**29,437**	**4.7%**	**37,050**	**5.8%**	**7,613**	**25.9%**

(1) Others primarily includes rental of exhibition materials, lease of gaming halls and vehicle rental expenses.

Other operating costs primarily relate to:

➤ *AAMS concession fee* which amounted to €19.1 million in 2012, an increase of €2.3 million, or 14.1%, from €16.8 million in 2011. The increase in AAMS concession fee is directly attributable to the increase in AWP and VLT bet, which totaled €5,566 million in 2011 compared to €6,376 million in 2012. The AAMS concession fee is calculated based on 0.3% of bet and is payable to AAMS on a monthly basis.

- *Fee on VLT platform licenses* which amounted to €13.9 million in 2012, an increase of €4.2 million, or 43.1%, from €9.7 million in 2011. The fee on VLT platform licenses is fully variable, calculated based on a percentage of VLT bet after certain deductions, including payout and VLT PREU and the platform type of the machine (Novomatic or Spielo). The increase is mainly attributable to an increase in the average number of VLTs in operation from 2,853 in 2011 to 6,295 in 2012, which was partially offset by a decrease in the percentage fee payable, due to the increase in VLT taxes and a decrease in the applicable contractual rate with our platform providers.

Personnel expenses

Personnel costs amounted to €9.9 million for in 2012, an increase of €2.1 million, or 26.2%, from €7.8 million in 2011, and as a percentage of revenues, increased from 1.2% to 1.5%. The increase in personnel costs is primarily related to an increase in the number of people employed by us, from 130 as of December 31, 2011 to 167 as of December 31, 2012, to support the growth in the business.

Accruals and provisions

Accruals and provisions amounted to €8.2 million in 2012, an increase of €4.0 million, or 97.5%, from €4.2 million in 2011 primarily related to the following one-off events:

- accruals for penalties due to AAMS amounting to €1.6 million in 2012 and €0.2 million in 2011, relating to additional PREU for 2010 communicated by AAMS in 2012;
- accruals for penalties due to AAMS amounting to €1.3 million in 2012 and €0.2 million in 2011, relating to penalties payable by the distribution network for exceeding the number of terminals allowed per square meter;
- accruals to the provision for doubtful receivables amounting to €1.4 million in 2012 and €0.1 million in 2011, mainly relating to the write down of receivables from the distribution network; and
- accruals to other provisions amounting to €1.8 million in 2012 and €0.5 million in 2011, relating to provisions for various contingencies, including VLT bonuses and other miscellaneous risks and charges.

Depreciation, amortization and impairments

Depreciation, amortization and impairments amounted to €21.3 million in 2012, an increase of €5.9 million, or 38.6%, from €15.4 million in 2011. As a percentage of revenues, depreciation amortization and impairments increased from 2.5% in 2011 to 3.3% in 2012. The following table sets forth an analysis of depreciation, amortization and impairments for the periods indicated.

	For the year ended December 31,				Change	
	2011	% total revenues	2012	% total revenues	amount	%
	(in € thousands, except percentages)					
Amortization of VLT concessions	4,024	0.6%	8,214	1.3%	4,190	104.1%
Amortization of other intangible assets	4,901	0.8%	5,687	0.9%	786	16.1%
Depreciation of tangible fixed assets	6,030	1.0%	7,398	1.1%	1,368	22.6%
Impairment of fixed assets	420	0.1%	17	0.0%	(403)	−96.0%
Total	**15,375**	**2.5%**	**21,316**	**3.3%**	**5,941**	**38.6%**

The increase in depreciation, amortization and impairments in absolute terms and as a percentage of revenues is attributable to amortization of VLT concessions related to the increase in the average number of VLTs in operation from 2,853 in 2011 to 6,295 in 2012. The amortization of VLT concessions commences when the VLT is rolled out and not when the VLT license is acquired.

The increase was also due to greater depreciation of tangible fixed assets which amounted to €7.4 million in 2012, an increase of €1.4 million, or 22.6%, from €6.0 million in 2011, relating primarily to the depreciation of new equipment and hardware acquired during 2012 (amounting to €14.7 million), mainly related to our VLT business.

Operating profit

Operating profit amounted to €52.4 million in 2012, an increase of €13.2 million, or 33.5%, from €39.2 million in 2011. Operating profit as a percentage of revenues increased from 6.3% in 2011 to 8.1% in 2012.

Finance income

Finance income amounted to €1.1 million in 2012, a decrease of €1.1 million, or 51.8%, from €2.2 million in 2011. The decrease in finance income is primarily attributable to a decrease in dividends from our equity investment in CRIGA, in which we hold a 12% interest, for which we received a dividend of €0.7 million in 2011 compared to nil in 2012.

Finance expenses

Finance expenses amounted to €10.7 million in 2012, a decrease of €1.3 million, or 10.5%, from €12.0 million in 2011. In both periods, finance expenses mainly related to interest expense on borrowings.

Extraordinary items

Extraordinary items amounted to €6.8 million in 2012, an increase of €0.8 million, or 13.8%, from €6.0 million in 2011. The following table sets forth an analysis of extraordinary expenses for the periods indicated.

	For the year ended 31 December	
	2011	2012
	(in € thousands)	
Impairment of receivables	(9,332)	(8,949)
2011 Tax refund application	4,065	—
Platform adjustment	—	2,885
Others	(714)	(743)
Total	(5,981)	(6,807)

Extraordinary items primarily include the following:

- *Impairment of receivables*, mainly relating to the impairment of receivables for an amount of €9.3 million in 2011 and €8.9 million in 2012, for receivables which had previously been guaranteed by CRIGA. See "*Key Factors Affecting Our Financial Condition and Results of Operations—Impact of extraordinary items—impairment of receivables and tax refund*";
- *2011 tax refund application*, amounting to €4.1 million, relating to the request for a refund on tax on the loss from the sale of a receivable, which had previously been treated as non-deductible for tax purposes. See "*Key Factors Affecting Our Financial Condition and Results of Operations—Impact of extraordinary items—impairment of receivables and tax refund*"; and
- *Platform adjustment*, amounting to €2.9 million in 2012, primarily relating to a one-off adjustment from recalculations relating to prior years.

Profit before tax

Profit before tax amounted to €35.9 million in 2012, an increase of €12.6 million, or 53.7%, from €23.3 million in 2011. As a percentage of revenues our profit before tax increased from 3.7% in 2011 to 5.6% in 2012.

Income tax

Income tax amounted to €14.3 million in 2012, an increase of €4.4 million, or 44.2%, from €9.9 million in 2011. Such increase is primarily attributable to an increase in the profit before tax, which amounted to €35.9 million in 2012, an increase of €12.6 million, or 53.7%, from €23.3 million in 2011. The table below sets forth an analysis of the income tax expense for the periods indicated.

	For the year ended December 31,	
	2011	2012
	(in € thousands, except percentages)	
Total tax	9,918	14,302
Profit before tax	23,328	35,853
Effective tax rate	**42.5%**	**39.9%**

The effective tax rate was 39.9% in 2012 compared to 42.5% in 2011. The decrease is attributable to permanent tax differences, which remained relatively stable, while profit before tax increased from €23.3 million in 2011 to €35.9 million in 2012, with the overall effect of a decrease in effective tax rate.

Profit for the period

As a result of the factors explained above, profit for the period amounted to €21.6 million in 2012, an increase of €8.2 million, or 60.7%, from €13.4 million in 2011.

Information by business activity

The following tables set forth certain financial information relating to our business activities. In particular the tables below set forth the contribution margin for each business activity which is calculated as the total revenues and income less distribution network costs and other costs directly attributable to the relevant business activities. Direct costs are those which are directly associated to our VLT, AWP, Betting and Online or Gaming Hall operations, and are largely variable costs based on either bet or bet less payout less PREU. Indirect costs are the overhead costs, not directly attributable to our VLT, AWP, Betting and Online or Gaming Hall operations. The information for each business activity is presented on a gross basis, prior to intersegment eliminations.

The information set forth below is based on the financial information which management use in monitoring the performance of the business and has not been prepared in accordance with Italian GAAP or any other accounting principles. As explained in "—*Presentation of Financial Information*", in the future we may present our consolidated financial statements in accordance with IFRS, pursuant to which we may be required to present segment information. The segment information that we will be required to present in accordance with IFRS may differ from the information set forth below. Management believe that the information set forth below is useful in understanding the underlying trends of the different business activities.

Based on the information provided below, our revenues and direct costs are directly correlated to the total bet placed. In addition, the information provided shows the different business and compensation model of our AWP business as compared to the VLT business. In particular, a significant portion of the AWP costs are related to the distribution network and costs which are not under our direct control. In relation to the AWP business, the AWP operator has control over the payout of the AWP terminals (within the legal thresholds imposed by AAMS). Any change in the payout or PREU, both of which are outside of our management, has a direct effect on the compensation we are required to pay to the managers. The compensation paid to the distribution network for AWPs is also higher than compared to VLTs, due to the fact that the AWP operator incurs the costs of the capital expenditure and maintenance.

The VLT model differs, as we own most of the terminals and have a greater control over the costs. In particular, subject to maintaining the minimum levels of payout set by AAMS, we have the ability to change the payout of the terminals and therefore have a greater ability to manage the revenues and the underlying costs which are paid to the distribution network. This also complements our strategy of expanding the direct ownership of gaming halls, allowing us to eliminate the fees paid to the operators and earn a greater portion of the value chain. However, the VLT business has significant other direct costs, primarily in relation to the platform fees paid to the platform providers.

Due to the different business and compensation models and the capital expenditure commitments, the margin of these two business activities cannot be directly compared.

Three months ended March 31, 2013 compared to the three months ended March 31, 2012

The following table sets forth an analysis of income statement by business activity for the three months ended March 31, 2012 and March 31, 2013.

Business activity reporting for the three months ended March 31, 2012 and 2013

	VLT		AWP		Betting and Online		Gaming halls		Eliminations		Total	
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
	(in € thousands, except percentages) (unaudited)											
Bet	713,931	913,170	804,121	736,574	3,020	3,160					1,521,072	1,652,904
VLT and Slot payout	(644,496)	(819,093)	(603,014)	(554,007)	—	—					(1,247,510)	(1,373,100)
Net bet	**69,435**	**94,077**	**201,107**	**182,567**	**3,020**	**3,160**					**273,562**	**279,804**
PREU	(28,475)	(45,732)	(94,886)	(93,545)	—	—					(123,361)	(139,277)
Bet based revenues	**40,960**	**48,345**	**106,221**	**89,022**	**3,020**	**3,160**					**150,201**	**140,527**
Non-bet based revenues	2,796	2,805	—	—	—						2,796	2,805
Total revenues	**43,756**	**51,150**	**106,221**	**89,022**	**3,020**	**3,160**	**11**	**989**	**(1)**	**(849)**	**153,007**	**143,472**
Other income	509	1,150	894	911	—	—	9	176	—	(146)	1,412	2,091
Total revenues and income	**44,265**	**52,300**	**107,115**	**89,933**	**3,020**	**3,160**	**20**	**1,165**	**(1)**	**(995)**	**154,419**	**145,563**
Distribution network costs	(25,517)	(28,947)	(98,458)	(82,020)	(2,378)	(2,587)	—	—	5	928	(126,348)	(112,626)
Other direct costs	(3,946)	(5,232)	(504)	(277)	(838)	(709)	(78)	(1,161)	139	219	(5,227)	(7,160)
Contribution margin	**14,802**	**18,121**	**8,153**	**7,636**	**(196)**	**(136)**	**(58)**	**4**	**143**	**152**	**22,844**	**25,777**
Contribution margin/net bet	*21.3%*	*19.3%*	*4.1%*	*4.2%*	*−6.5%*	*−4.3%*	*n.a.*	*n.a.*			*8.4%*	*9.2%*
Contribution margin/total revenues and income	*33.4%*	*34.6%*	*7.6%*	*8.5%*	*−6.5%*	*−4.3%*	*n.a.*	*0.3%*			*14.8%*	*17.7%*
Indirect costs											(5,747)	(6,269)
Depreciation, amortization and impairments											(5,355)	(6,212)
Operating profit											**11,742**	**13,296**

VLT

Total revenues of the VLT business have increased, from €43.8 million for the three months ended March 31, 2012, to €51.2 million for the three months ended March 31, 2013, driven by an increase in bet from €714 million for the three months ended March 31, 2012, to €913 million for the three months ended March 31, 2013, which was partially offset by an increase in PREU, from 4% in 2012 to 5% in 2013. The increase in bet was supported by the continued roll out of VLTs, in particular, the average number of VLTs increased to 7,153 for the three months ended March 31, 2013 from 5,556 for the three months ended March 31, 2012.

Distribution network costs increased from €25.5 million for the three months ended March 31, 2012, to €28.9 million for the three months ended March 31, 2013, as a percentage of total bet, distribution network costs amounted to 3.6% for the three months ended March 31, 2012, compared to 3.2% for the three months ended March 31, 2013. As the majority of distribution network costs are based on bet *less* payout and PREU, an increase in PREU results in a decrease in distribution network costs. Accordingly, the decrease in distribution network costs as a percentage of bet was largely attributable to the increase in PREU.

Other direct costs amounted to €5.2 million for the three months ended March 31, 2013, an increase of €1.3 million, or 32.6%, from €3.9 million for the three months ended March 31, 2013, primarily attributable to the combined effect of an impairment of VLT receivables of €0.7 million recognized for the three months ended March 31, 2013, and the previously described €0.4 million increase in VLT platform licenses fees. As a percentage of total bet, other direct costs were unchanged, amounting to 0.6% in both periods.

Contribution margin amounted to €18.1 million for the three months ended March 31, 2013, an increase of €3.3 million, or 22.4%, from €14.8 million for the three months ended March 31, 2012, primarily attributable to the increase in total bet.

As a percentage of net bet, Contribution Margin amounted to 21.3% for the three months ended March 31, 2012, compared to 19.3% for the three months ended March 31, 2013. The decrease is primarily attributable to an increase in PREU. The Contribution Margin as a percentage of total revenues and income increased from 33.4% for the three months ended March 31, 2012, to 34.6% for the three months ended March 31, 2013.

AWP

AWP revenues amounted to €89.0 million for the three months ended March 31, 2013, a decrease of €17.2 million, or 16.2%, from €106.2 million for the three months ended March 31, 2012, attributable to the combined effect of an 8.4% decrease in total bet, from €804 million for the three months ended March 31, 2012, to €737 million for the three months ended March 31, 2013, and an increase in AWP PREU from 11.8% in 2012 to 12.7% in 2013. Such decrease is primarily attributable to the continued roll out of VLTs, which have been successful in winning market share from the AWPs.

Distribution network costs decreased from €98.5 million for the three months ended March 31, 2012, to €82.0 million for the three months ended March 31, 2013, and as a percentage of total bet, amounted to 12.2% for the three months ended March 31, 2012, compared to 11.1% for the three months ended March 31, 2013. Such decrease is primarily attributable to the combined effect of the previously described decrease in total bet, and the increase in PREU, from 11.8% in 2012 to 12.7% in 2013.

Contribution margin amounted to €7.6 million for the three months ended March 31, 2013, a decrease of €0.6 million, or 6.3%, from €8.2 million for the three months ended March 31, 2012, primarily attributable to the decrease in total bet. As a percentage of net bet, Contribution Margin remained substantially unchanged, amounting to 4.1% for the three months ended March 31, 2012, compared to 4.2% for the three months ended March 31, 2013.

As a percentage of total revenues and income, Contribution Margin increased from 7.6% for the three months ended March 31, 2012, compared to 8.5% for the three months ended March 31, 2013, driven primarily by the decrease in distribution network costs.

Betting and online

Betting and online revenues amounted to €3.2 million for the three months ended March 31, 2013, an increase of €0.2 million, or 4.6%, from €3.0 million for the three months ended March 31, 2012, whilst the Contribution Margin amounted to a loss of €0.2 million for the three months ended March 31, 2012, and a loss of €0.1 million for the three months ended March 31, 2013.

Year ended December 31, 2012 compared to year ended December 31, 2011

The following table sets forth business activity information for the periods indicated.

Business activity reporting for the years ended December 31, 2011 and 2012

	VLT		AWP		Betting and Online		Gaming Halls		Eliminations		Total	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
	(in € thousands, except percentages) (unaudited)											
Bet	1,746,674	3,218,094	3,819,097	3,157,596	10,998	10,738					5,576,769	6,386,428
Payout	(1,600,291)	(2,893,649)	(2,864,084)	(2,369,342)	—	—					(4,464,375)	(5,262,991)
Net bet	**146,383**	**324,445**	**955,013**	**788,254**	**10,998**	**10,738**					**1,112,394**	**1,123,437**
PREU	(34,933)	(128,724)	(459,759)	(355,528)	—	—					(494,692)	(484,252)
Bet based revenues	**111,450**	**195,721**	**495,254**	**432,726**	**10,998**	**10,738**					**617,702**	**639,185**
Non-bet based revenues	7,626	4,095	—	—	—	—					7,626	4,095
Total revenues	**119,076**	**199,816**	**495,254**	**432,726**	**10,998**	**10,738**	**605**	**1,194**	**(588)**	**(832)**	**625,345**	**643,642**
Other income	2,007	2,553	3,308	4,142	—	—	199	118	—	(48)	5,514	6,765
Total revenues and income	**121,083**	**202,369**	**498,562**	**436,868**	**10,998**	**10,738**	**804**	**1,312**	**(588)**	**(880)**	**630,859**	**650,407**
Distribution network costs	(69,363)	(112,954)	(458,328)	(402,323)	(9,466)	(9,434)	—	—	587	807	(536,570)	(523,904)
Other direct costs	(13,078)	(19,772)	(2,397)	(4,870)	(3,222)	(3,372)	(864)	(1,368)	810	787	(18,751)	(28,595)
Contribution margin	**38,642**	**69,643**	**37,837**	**29,675**	**(1,690)**	**(2,068)**	**(60)**	**(56)**	**809**	**714**	**75,538**	**97,908**
Indirect costs											(20,938)	(24,235)
Depreciation, amortization and impairments											(15,376)	(21,316)
Operating profit											**39,224**	**52,357**
Contribution margin/net bet	**26.4%**	**21.5%**	**4.0%**	**3.8%**	**−15.4%**	**−19.3%**	**n.a.**	**n.a.**			**6.8%**	**8.7%**
Contribution margin/ revenues	**31.9%**	**34.4%**	**7.6%**	**6.8%**	**−15.4%**	**−19.3%**	**−7.5%**	**−4.3%**			**12.0%**	**15.1%**

VLT

As previously discussed, total revenues of the VLT business have increased from €119.1 million in 2011 to €199.8 million in 2012. The increase in revenues is directly related to the increase in bet, marginally offset by an increase in PREU, from 2.0% in 2011 to 4.0% in 2012. The increase in VLT revenues has been supported by the continuation of the roll out of the VLTs. In particular, the average number of VLTs increased to 6,295 in 2012 from 2,853 in 2011.

Distribution network costs have increased from €69.4 million in 2011 to €113.0 million in 2012, related to the increase in bet. In particular, distribution network costs for VLT activities primarily relate to the fees paid to the distribution network and the commission fee of 0.3% of bet paid to AAMS. As a percentage of total bet, distribution network costs decreased from 4.0% in 2011 to 3.5% in 2012, mainly related to the increase in PREU.

Other direct costs increased from €13.1 million in 2011 to €19.8 million in 2012. Other direct costs of the VLT business activity mainly relate to the fees paid to the VLT platform providers which amounted to €13.9 million in 2012, compared to €9.7 million in 2011. As a percentage of total bet, other direct costs were substantially unchanged, amounting to 0.7% in 2011 and 0.6% in 2012.

Contribution margin increased from €38.6 million in 2011 to €69.6 million in 2012, primarily related to the increase in total bet.

Contribution margin as a percentage of net bet decreased from 26.4% to 21.5%, primarily due to the increase in PREU in 2012 compared to 2011, while the Contribution Margin as a percentage of total revenues and income increased from 31.9% in 2011 to 34.4% in 2012.

AWP

Total revenues of the AWP business decreased from €495.3 million in 2011 to €432.7 million in 2012. The decrease in revenues was primarily attributable to a decrease in bet which was partially offset by a decrease in PREU. In particular, as a percentage of bet, average PREU decreased from 12.0% in 2011 to 11.3% in 2012. Such decrease was primarily attributable to the continued roll out of VLTs, which have won market share from the AWPs.

Other income increased from €3.3 million in 2011 to €4.1 million in 2012. As a percentage of bet, other income amounted to 0.1% in both 2011 and 2012.

Distribution network costs have decreased from €458.3 million in 2011 to €402.3 million in 2012 and, as a percentage of bet, increased from 12.0% in 2011 to 12.7% in 2012. The decrease in the absolute value was mainly related to the previously described decrease in bet. In particular, distribution network costs were primarily related to the compensation of the distribution network and the commission fee of 0.3% of bet paid to AAMS. The increase in distribution network costs, as a percentage of bet, was primarily due to the decrease in PREU, from 12.5% in 2011 to 11.8% in 2012, as a result of which the portion of the value chain attributable to the distribution network increased.

Other direct costs increased from €2.4 million in 2011 to €4.9 million in 2012. Other direct costs related to lease and rental costs and accruals for provisions directly related to AWP activities. The increase in other direct costs was primarily attributable to accruals for provisions directly related to AWP activities in 2012.

Contribution margin decreased from €37.8 million in 2011 to €29.7 million in 2012, primarily related to the decrease in total bet.

Contribution margin as a percentage of net bet decreased from 4.0% in 2011 to 3.8% in 2012.

Betting and Online

Total revenues of the betting and online business amounted to €11.0 million in 2011 and €10.7 million in 2012, while the Contribution Margin amounted to a loss of €1.7 million in 2011 and a loss of €2.1 million in 2012. The direct costs of the betting and online business mainly related to the winnings paid out and direct taxes. To this extent, the betting and online Contribution Margin was strongly affected by the results of sporting events and the outcome for the bookmaker.

Liquidity

The primary sources of liquidity for our business have been cash flow from operations and our debt financing, particularly relating to financing provided from our shareholders. In particular, when Trilantic acquired a controlling interest in our shares, we primarily used the cash from their investment and financing to acquire the VLT licenses. We have used our cash flow to fund operating expenses, working capital, capital expenditure and capital and interest payments related to our debt obligations. Following the Transactions, we expect that our primary source of liquidity will be cash flows from operations. We believe that our available liquidity will be sufficient to meet our cash flow requirements, subject to a variety of factors, including, among others (i) our ability to generate cash flows from operating activities (ii) the level of our outstanding indebtedness and the related debt servicing requirements, including prevailing interest rates and (iii) our capital expenditure requirements. On June 18, 2013, our Board of Directors resolved, subject to the successful completion of the Offering of the Notes, to maintain a minimum of €20.0 million of cash on our balance sheet in order to satisfy any working capital need of the Company.

Seasonality of Working Capital

Working capital is influenced by the timing of our collections and payments. In particular, 0.5% of bet is deposited with AAMS on a bi-monthly basis as a security deposit to ensure our compliance with certain service and quality requirements. The AAMS security deposit is then released to us, in whole or in part, in the subsequent year (usually in June-July), upon fulfillment of service level agreements ("**SLAs**") and in proportion to the level of compliance achieved. For example, in June 2013, an amount of €31.4 million was returned to us in a single installment, representing 99% of the AAMS security deposit for the year ended December 31, 2012, reflecting our compliance with 99% of the AAMS SLAs.

Cash Flows

The table below sets forth a summary of our consolidated statement of cash flows for the periods indicated.

	For the year ended December 31,		For the three months ended March 31,	
	2011	2012	2012	2013
			(Unaudited)	
	(in € thousands)			
Cash flows from (used in) operating activities	3,903	33,174	9,364	674
Cash flows from (used in) investing activities	(20,103)	(46,374)	(3,766)	10,251
Of which: movements in restricted cash[(1)]	*(355)*	*(16,163)*	*(49)*	*11,716*
Other investing activities	*(19,748)*	*(30,211)*	*(3,717)*	*(1,465)*
Cash flows provided by (used in) financing activities	14,464	15,468	(5,195)	(4,757)
Total increase/(decrease) in cash and cash equivalents	**(1,736)**	**2,268**	**403**	**6,168**
Cash and cash equivalents at the beginning of the period	2,778	1,042	1,042	3,310
Cash and cash equivalents at the end of the period	**1,042**	**3,310**	**1,445**	**9,478**

(1) Movements in restricted cash relates to transfers from cash and cash equivalents to restricted bank accounts for the purposes of guaranteeing certain of our temporary obligations. In particular restricted cash relates to cash deposits held with UniCredit as part of the guarantees given to AAMS from the various concessions we operate. During 2012, an amount of €16.6 million was transferred to a restricted account held by UniCredit, in relation to the renewal of the AWP/VLT concession of which €11.8 million was subsequently released in January 2013 and used after March 31, 2013 to repay part of the Existing Senior Secured Credit Facility. Restricted cash amounted to €6.6 million as of December 31, 2011, €23.2 million as of December 31, 2012 and €11.4 million as of March 31, 2013.

Cash flow information for the three months ended March 31, 2012 and the three months ended March 31, 2013

Cash flows from (used in) operating activities

Cash flows from operating activities amounted to €0.7 million for the three months ended March 31, 2013, a decrease of €8.7 million from €9.4 million for the three months ended March 31, 2012. Such decrease is primarily attributable to a €12.5 million increase in cash absorbed from working capital, from €1.8 million for the three months ended March 31, 2012, to €14.3 million for the three months ended March 31, 2013, which was partially offset by a €2.4 million increase in operating profit before depreciation, amortization and impairments.

Cash absorbed from movements in working capital for the three months ended March 31, 2013 primarily relate to an €8.3 million increase in the AAMS guarantee deposit receivable, and a €6.0 million decrease in tax payable, as a result of payments made in the three months ended March 31, 2013.

Cash absorbed from movements in working capital for the three months ended March 31, 2012, primarily related to a €15.3 million increase in other payables largely related to a rebate from AAMS received in March 2012, which was payable to the distribution network, which was partially offset by a €11.0 million decrease in tax payable as a result of payments made in the three months ended March 31, 2012, and, to a lesser extent, a decrease in trade receivables.

Cash flows from (used in) investing activities

Cash flows from investing activities amounted to €10.3 million for the three months ended March 31, 2013, compared to €3.8 million cash used in investing activities for the three months ended March 31, 2012.

Investing activities for the three months ended March 31, 2012 mainly included:

➤ investments in property, plant and equipment of €3.0 million, of which €2.7 million related to the purchase of 648 VLTs and related equipment, €0.1 million relates to network equipment and the remaining €0.2 million related to other industrial and commercial equipment, and;

➤ investments in intangible assets of €0.6 million, of which €0.4 million related to the rights for online casino games.

Investing activities for the three months end March 31, 2013 mainly included:

➤ cash generated from the change in receivables and other financial assets of €11.7 million, primarily related to the release of cash which as of December 31, 2012 was held in the UniCredit restricted cash account as part of the guarantees given to AAMS, and released in January 2013;

➤ investments in property, plant and equipment of €0.9 million, of which €0.6 million related to the purchase of 128 VLTs and related equipment, €0.2 million relates to the purchase of network equipment, and the remaining €0.1 million relates to other industrial and commercial equipment and hardware; and

➤ investments in intangible assets of €0.4 million, relating primarily to investments in NOEs for AWPs.

Cash flows from financing activities

Cash used in financing activities amounted to €4.8 million for the three months ended March 31, 2013, compared to €5.2 million for the three months ended March 31, 2012. The cash used in financing activities for the three months ended March 31, 2013 primarily relate to scheduled repayments of the Existing Senior Secured Credit Facility of €11.3 million, which were partially offset by bank advances and increases in overdraft balances of €7.1 million. Cash used in financing activities for the three months ended March 31, 2012, amounting to €5.2 million primarily relate to the repayment of amounts advanced by UniCredit at December 31, 2011.

Cash flow information for the year ended December 31, 2011 and the year ended December 31, 2012

Cash flows from (used in) operating activities

Cash flows from operating activities amounted to €33.2 million in 2012, an increase of €29.3 million from €3.9 million in 2011. Such increase was primarily attributable to the combination of (i) a €19.1 million increase in operating profit before depreciation, amortization and impairments and (ii) a €12.3 million decrease in cash absorbed from movements in working capital.

Cash absorbed from movements in working capital in 2011 amounted to €27.0 million, of which €26.7 million related to an increase in other receivables and in particular, the AAMS guarantee deposit. Cash absorbed from movements in working capital in 2012 amounted to € 14.7 million, of which, €6.9 million related to an increase in current tax assets, €3.9 million related to an increase in the AAMS guarantee deposit, and €2.9 million related to a decrease in tax payables.

Cash flows used in investing activities

Cash flows used in investing activities amounted to €46.4 million in 2012, an increase of €26.3 million, from €20.1 million in 2011.

Investing activities in 2011 mainly included:

➤ investments in property, plant and equipment of €18.5 million, mainly relating to the purchase of 3,318 VLTs amounting to €15.3 million, gaming hall materials amounting to €1.7 million and the purchase of network equipment amounting to €1.1 million; and

➤ investments of €1.1 million in equity investments, relating to the purchase of CRIGA shares.

Investing activities in 2012 mainly included:

➤ investments of €16.2 million in financial assets, relating primarily to a restricted cash account with UniCredit for an amount of €12.0 million, which was subsequently released in January 2013, and an additional deposit of approximately €3.0 million related to the participation to the tender for sports and horse betting and online gaming rights in October 2012;

➤ investments of €14.6 million in property, plant and equipment, of which, €10.6 million relates to investments in VLT equipment, €1.3 million related to GPS equipment to be installed on AWPs in accordance with AAMS requirements and €0.8 million related to network equipment. The remaining investments are mainly related to the renovation and maintenance of our points of sale and security equipment;

➤ investments of €6.7 million in intangible assets €3.0 million related to the NOEs for AWPs and €2.1 million related to refurbishment and maintenance works. The remaining investments were mainly related to licenses acquired in the year; and

➤ investments of €8.7 million relating to the purchase of 37 gaming halls.

Cash flows from financing activities

Cash flows from financing activities amounted to €15.5 million in 2012, an increase of €1.0 million from €14.5 million in 2011. Cash flows from financing activities in 2011 mainly relate to the proceeds of the new shareholder loan for an amount of €20 million, net of repayments of borrowings for an amount of €4.2 million. Of the total €15.5 million cash flows from financing activities in 2012, €11.8 million related to bank borrowings, and €3.6 million related to a new shareholder loan provided by Romagna Giochi, which as of December 31, 2012, held a 40% interest in Gamenet Entertainment Srl.

Capital Expenditure

Capital expenditure is defined as investments for the period in property, plant and equipment and intangible assets as shown in our cash flow statement. The table below sets forth a breakdown of total capital expenditure incurred by the Group for the three months ended March 31, 2013 and for the years ended December 31, 2011 and 2012.

	For the year ended December 31,				For the three months ended March 31,	
	2011		2012		2013	
		% of total		% of total	(Unaudited)	% of total
	(in € thousands, except percentages)					
Plant and machinery	152	0.8%	145	0.7%	24	1.7%
Industrial and commercial equipment and hardware	18,273	97.8%	14,254	66.7%	898	64.0%
Other assets	27	0.1%	226	1.0%	4	0.3%
Assets under construction and payments on account	—	—	17	0.1%	—	—
Property, plant and equipment	**18,452**	**98.7%**	**14,642**	**68.5%**	**926**	**66.0%**
Intangible assets	**242**	**1.3%**	**6,729**	**31.5%**	**368**	**34.0%**
Total capital expenditures(1)	**18,694**	**100.0%**	**21,371**	**100.0%**	**1,294**	**100.0%**

(1) Capital expenditure in 2012 does not include €8.7 million relating to the purchase of 37 gaming halls in 2012.

Investments in property plant and equipment from January 1, 2011 to March 31, 2013 have mainly been related to investments to support the roll out and growth in the VLT business. In particular, our total investments in property, plant and equipment between January 1, 2011 and March 31, 2013 amounted to €34.0 million, of which €26.5 million relates to VLTs and associated equipment, related to the VLT roll out, which, at March 31, 2013, was 92.4% complete (7,217 of a total of 7,805 licenses rolled out). Our investments in property, plant and equipment have been primarily funded through existing cash balances and the Shareholders Loans. See "*Description of Certain Financing and Guarantee Arrangements*".

Investments in intangible assets from January 1, 2011 to March 31, 2013 amounted to €8.4 million and mainly related to the NOEs amounting to €3.0 million, which we capitalized in 2012, as well as leasehold improvements for our head office amounting to €2.1 million.

We expect our capital expenditure for the full year 2013 to be approximately €17.7 million, of which, approximately €0.8 million relates to maintenance and the remaining balance relates to the purchase of the 63 gaming halls, the acquisition of an additional 81 betting licenses and the related capital expenditure, on-going growth and expansion of the business. An initial payment of approximately €5.0 million has been paid for the 63 gaming halls in 2013. The remaining portion of the consideration for the gaming halls will be paid in part, at closing, and, in part, in 2015. See "*Summary—Recent Developments—Agreement to acquire the licenses for 63 gaming halls*". Such capital expenditure will be funded by cash.

Indebtedness

Our main sources of financing have historically been the Existing Senior Secured Credit Facility, Shareholder Loans and overdraft facilities primarily related to financing PREU. As of March 31, 2013, after giving *pro forma* effect to the Transactions, as described under "*Use of proceeds*", our total debt would have been €200.3 million, representing almost entirely the Notes and our net debt would have been €96.4 million. See "*Capitalization*"

The following table sets forth the amounts of our debt as of December 31, 2012 and March 31, 2013. Net debt is a Non-GAAP Financial Measure. See "*Use of non-gaap financial measures*".

	As of December 31, 2012 Historical	As of March 31, 2013 Historical (Unaudited)[1]
	(in € thousands)	
Cash at banks	3,310	9,478
Financial assets[2]	16,950	4,265
	20,260	13,743
Bank borrowings		
Existing Senior Secured Credit Facility	74,473	64,469
UniCredit credit facilities	6,344	13,335
Total Bank Borrowings	**80,817**	**77,804**
Other financial liabilities[3]	383	307
Shareholder Loans	56,418	57,461
Other shareholder loans[4]	3,600	1,925
Total debt	**141,218**	**137,497**
Net debt[5]	**60,940**	**64,368**

(1) See "*Capitalization*" and "*Use of proceeds*" for an explanation of the adjustments to the historical information as of March 31, 2013.

(2) As of March 31, 2013, represents investments in bonds amounting to €1.3 million and financial assets related to restricted cash in connection with concession agreements amounting to €3.0 million.

(3) Other financial liabilities as of March 31, 2013 include €0.3 million relating to finance lease liabilities and the amount outstanding for a property mortgage.

(4) Other shareholder loans as of March 31, 2013 include €1.9 million due to Romagna Giochi.

(5) Net debt is a Non-GAAP Financial Measure and is calculated as total debt excluding amounts due under the Shareholder Loans and amounts due to other shareholders net of cash at banks, investments in bonds and financial assets related to restricted cash in connection with concession agreements. See "*Use of non-gaap financial measures*".

PREU Overdraft Facility

The PREU overdraft facility is a facility under the credit facilities with UniCredit (See "*—Indebtedness*" and "*Description of certain financing and guarantee arrangements*") to meet payment obligations with AAMS and in particular, to cover payments of AWP and VLT PREU. Any overdrawn balance is generally cleared within a few days of the relevant period.

Other financial liabilities

Other financial liabilities primarily relate to the mortgage for a property located in Rome. Such mortgage was granted in 2007 for a total nominal value of €624,000, bearing interest of three month EURIBOR plus a spread of 1.75%. The mortgage capital and interest payments are due on a monthly basis and the mortgage matures in April 2017. The mortgage is secured on the underlying property. As of March 31, 2013 and December 31, 2012 the amount outstanding was €0.3 million.

Off Balance Sheet Arrangements

The following table summarizes our off balance sheet arrangements as of December 31, 2012 and March 31, 2013

	As of December 31, 2012	As of March 31, 2013
	(in € thousands)	
Guarantees provided to AAMS	62,894	82,796
Guarantees for operating lease obligations	694	756
	63,588	83,552

In connection with the award of gaming concessions we are required to post performance bonds in favor of AAMS, in the form of a bank guarantee indemnifying AAMS in the event that we fail to adequately perform our tax and operating obligations under the concession. These guarantees generally expire from a minimum of one year to a maximum of five years after the expiration of the relevant concession.

Guarantees for operating leases primarily relate to the lease of our headquarters.

On March 4, 2013, UniCredit issued the following bank guarantees in connection with our VLT and AWP concession: (i) a bank guarantee for an amount, on such date, up to €47,119,308.20 in favor of AAMS in order to guarantee, *inter alia,* the payment of PREU, the concession fee and the deposit due by Gamenet in favor of AAMS and (ii) a bank guarantee for an amount up to €6,000,000.00 in favor of AAMS in order to guarantee, *inter alia,* the payment of the amounts due by Gamenet to AAMS for the release of the VLT and AWP concession, the correct functioning of the network for the online management of lawful game through AWP and VLT and the observance of the technical and infrastructural capability for the entire duration of the concession.

On July 15, 2013, the arrangements reached between us, TCP and UniCredit on January 21, 2013 in respect of the obligations undertaken by us and TCP to obtain the above mentioned bank guarantees were amended by an agreement whereby, *inter alia*, we undertook (i) to provide UniCredit, by September 30, 2013, evidence of the issuance, in favor of Gamenet or UniCredit, of bank guarantees or insurance guarantees or cash collateral deposits guaranteeing the obligations of the AWP and VLT operators for a total amount not lower than €15,000,000 with the undertaking to use commercially best efforts to ensure that such guarantees—as far as issued for our benefit—will be amended so that UniCredit will be beneficiary thereof and that—in case it would not be possible to amend such guarantees—the receivables arising under such guarantees will be assigned by way of security in favor of UniCredit; (ii) to create, within September 30, 2013, a pledge in favor of UniCredit over the balance of the bank account where the amounts due to AAMS in respect of the PREU will be deposited; (iii) to create, within September 30, 2013, a pledge over cash collateral for an amount of at least €3,000,000.00 in favor of UniCredit; and (iv) to issue, within 10 business days from September 30, 2013, a corporate guarantee by the Issuer in favor of UniCredit to counter guarantee the bank guarantees issued by UniCredit. The above arrangements with UniCredit will enter into force upon the repayment in full of all amounts outstanding under the Existing Senior Secured Credit Facility Agreement and the Shareholder Loans with part of the proceeds of the issuance of the Notes on or about the Issue Date. Accordingly, on the Issue Date or as soon as practicable after the Issue Date, the guarantees and securities granted in favor of UniCredit in place at that time will be discharged, so that only the ones specified above in this paragraph will be granted in its favor. See "*Description of certain financing and guarantee arrangements*".

Historically, we have not been required to make any payments or settlements under our performance bonds or guarantees.

Other than the guarantees and performance bonds provided in the ordinary course of business, there are no other off balance sheet commitments or guarantees.

Contractual obligations

The following table sets forth our contractual obligations as of March 31, 2013, after giving effect to the Transactions.

	Less than 1 year	1-3 years	3-5 years	More than 5 years
		(in € thousands)		
Long term debt obligations[1]	—	—	—	200,000
Finance lease obligations	104	211	—	—
Operating lease obligations	2,136	3,253	2,249	172
Purchase obligations	384	—	—	—
	2,624	3,464	2,249	200,172

(1) We have repaid all long term debt obligations with the proceeds from the Notes. After giving effect to the Transactions, long term debt obligations equal €200 million and are more than five years. See "*Use of Proceeds*" and "*Capitalization*".

Quantitative and qualitative disclosures about market risk

In the ordinary course of business the Group is exposed to a variety of market risks including credit risk, liquidity risk and interest rate risk.

We monitor and manage these risks as a part of our overall risk management program, which recognizes the unpredictability of the financial markets and seeks to reduce the potential adverse effects on our results of operations and financial position. The following section discusses the significant financial risks to which we are exposed. This discussion does not address other risks to which we are exposed in the ordinary course of business, such as operational risks. See "*Risk factors*".

Interest rate risk

Historically the Group has had significant levels of floating rate borrowings and hence was exposed to risks related to fluctuations in interest rate levels, specifically with reference to the Existing Senior Secured Credit Facility. In order to mitigate the risk of interest rate fluctuations, we entered into interest rate swaps on the Existing Senior Secured Credit Facility and swapped from floating rate to fixed rate. After considering the effect of such interest rate swap, 35.6% of our total financial liabilities were floating rate borrowings. This interest rate swap has been recorded in accordance with Italian GAAP and as a result the derivative liability, which amounted to €0.8 million, is not recorded in our financial statements. We do not expect to have a significant exposure to fluctuations in interest rates following the issuance of the Notes and the application of the Proceeds therefrom.

We have used interest rate swaps in the past and we may in the future enter into hedging transactions and use derivative financial instruments pursuant to established internal guidelines and policies to mitigate the potential adverse effects of fluctuations in interest rates. We do not enter into financial instruments for trading or speculative purposes.

Liquidity risk

Liquidity risk is the risk of not being able to fulfill present or future obligations if we do not have sufficient funds available to meet such obligations. Liquidity risk arises mostly in relation to cash flows generated and used in working capital and from financing activities, particularly by servicing our debt, in terms of both interest and capital, and our payment obligations relating to our ordinary business activities. We manage liquidity risk through various management policies, including through monitoring of the timing of receivable collections and minimizing any delays in collections. We collect cash from our distribution network on a frequent basis (generally twice a week for VLTs and twice a month for AWPs). The cash that we collect from the network is net of the relevant commissions payable to the distribution network.

We advance to AAMS the PREU for each relevant two month period in four installments, of which (i) three installments equal to 25% of the volumes accrued two periods before the relevant two-month period, which are paid starting at the end of the first month of the relevant two-month period, and then approximately every two weeks thereafter; and (ii) a final installment due on the 22nd of the month following the relevant two-month period equal to the difference between the amount actually due for the relevant two-month period and the amounts already transferred. In addition, we pay the 0.8% AAMS fee (consisting of the 0.3% concession fee and 0.5% deposit) together with the final installment. As a result, there may be time lag between collection of tax and subsequent payment to AAMS. The refund of the 0.5% is repaid approximately six months after the year end.

Our ability to satisfy our payment obligations, including those in relation to (i) financial indebtedness (ii) payment of taxes to AAMS and (iii) potential losses with respect to individual events or betting results for our fixed-odds betting operations will depend on future operating performance, which can be affected by prevailing economic conditions and financial and economic factors, some of which are beyond our control. In order to manage this risk, we request guarantees from our distribution network and on June 18, 2013, our Board of Directors resolved, subject to the successful completion of the Offering, to maintain a minimum of €20.0 million of cash on our balance sheet.

Credit risk

The Group is exposed to credit risk, mainly in relation to trading transactions. We have adopted risk management procedures in order to both reduce and monitor credit risk.

Our distribution network is responsible for, among other things, collecting the cash at our terminals and transferring this cash to us, net of any commission. Most of these cash collections are credited automatically to our account from the distribution network. Such procedures allow us to promptly react to any failure to meet a payment deadline. As part of our risk management system, we evaluate the credit of a potential partner before we agree to enter into a contract with them, and we subsequently monitor the credit of such partner during the term of our contract. We obtain sureties or security deposits from customers before entering into new arrangements. This generally short period of collections, together with the use of direct inter-bank debits, helps us to reduce our credit risk. If the distribution network fails to make a timely payment to us, we have the ability to remotely disconnect the terminals at the relevant point of sale, while we investigate the cause and seek remedial action. See "*Business—Risk Management*"

We believe that we do not have any material concentration of credit risk, as our exposure is spread over a large number of customers and counterparties.

Critical Accounting Estimates

Our significant accounting policies, which we have applied consistently for all periods included in this Offering Memorandum, are fully described in Note 4 to the Audited Consolidated Financial Statements.

The preparation of our consolidated financial statements requires that management apply accounting standards and methods which, under certain circumstances, are based on difficult subjective measurements and estimates based on past experience and on assumptions considered, at various times, to be reasonable and realistic in terms of the respective circumstances. The use of such estimates and assumptions affects the amounts reported in the Audited Consolidated Financial Statements and the Unaudited Interim Condensed Consolidated Financial Information, as well as the information disclosed. Actual results for those areas requiring management judgment or estimates may differ from those recorded in the financial statements due to the occurrence of events and the uncertainties which characterize the assumptions and conditions on which the estimates are based.

The primary areas applicable to our Group, that require greater subjectivity of management in making estimates and where a change in the conditions underlying the assumptions could have a significant impact on our Audited Consolidated Financial Statements and the Unaudited Interim Condensed Consolidated Financial Information statements include:

Impairment Loss/Reversal of Goodwill, Intangible Assets and Property, Plant and Equipment

Intangible assets, including goodwill, and property plant and equipment are stated at cost, net of amortization calculated based on the relevant expected residual useful life. The carrying value of intangible assets, including goodwill, and property, plant and equipment is reviewed whenever events and changes in circumstances indicate that the carrying amount may not be recoverable. If the carrying amount is higher than the recoverable value, an impairment loss is recorded. The existence of impairment indicators and the impairment test are based on subjective valuations, using information available within the Group or externally and based on historical experience. The correct identification of the factors indicating a potential impairment and the estimates to determine the impairment, may depend on conditions, which vary over time, affecting the assessments and estimates. Any impairment is recognized immediately in the consolidated income statement and can be reversed in future periods if the conditions applied are no longer valid, with the exception of Goodwill. As of December 31, 2012 the net book value of our goodwill and intangible assets amounted to €21.4 million, representing 6.5% of our total assets.

Depreciation of Property, Plant and Equipment and Amortization of Intangible Assets

Property, plant and equipment and intangible assets are shown at original historical cost less accumulated depreciation and any accumulated impairment losses (if applicable). The cost of property, plant and equipment and intangible assets is depreciated or amortized on a straight line basis over the estimated useful life of the asset. The economic useful life of the asset is determined at the time of purchase, based on historical experience for similar assets, market conditions and expected future events which may affect them, such as technological changes. The effective economic useful life may, therefore, be different from the estimated useful life. Each year developments in technology, the business, contractual and legislative changes related to the utilization of the assets and their recoverable value are reviewed and, if applicable, the residual useful life is revised.

Provision for Risks and Charges

Provisions for risks and charges are provided in respect of known or probable losses or liabilities whose timing and extent cannot be determined at the year-end but an estimation of cost can be provided by the management. No provisions are accrued when the obligation is possible but not probable or when the cost of a probable loss or liability cannot be reliably estimated. However, such possible obligations are disclosed in the notes to the Audited Consolidated Financial Statements and the Unaudited Interim Condensed Consolidated Financial Statements. The quantification of the provision and the classification as an obligation as probable are based on assumptions and estimates using information and knowledge which may vary over time. Therefore, the final outcome of such litigations may be significantly different from those considered during the preparation of the financial statements. The amount recorded in the Audited Consolidated Financial Statements and the Unaudited Interim Condensed Consolidated Financial Statements represent management's best estimate at the relevant reporting date.

Provision for Impairment of Receivables

Receivables are recognized at the nominal amount, *less* provisions applied based on management's estimation of the recoverability of the receivable. A provision for impairment of receivables is recorded when there are indications that the full carrying value of the receivable may not be recoverable. The provision covers the estimate of the risk of losses which derives from past experience with similar receivables, from the analysis of overdue receivables (current and historical), of losses and recoveries and finally from monitoring economic trends and forecasts both currently and prospectively to the company's business.

Industry overview

We operate in the Italian gaming market, which includes land-based and online gaming and betting. The market is regulated by the Agenzie delle Dogane e dei Monopoli ("**AAMS**"). We are mainly active in the VLT and AWP sectors and we also hold betting and online gaming concessions.

Italian Gaming Market

The Italian gaming market is measured using three key performance indicators: bet, gross gaming revenue and net gaming revenue. "**Bet**" refers to the total amount of wagers collected from players. "**Gross gaming revenue**" refers to bet less the amount paid to players as winnings. "**Net gaming revenue**" refers to gross gaming revenue less the amount of taxes payable to the Italian treasury. Other countries may use different key performance indicators. Other than bet, we do not use these terms to describe our business.

Italy was the largest gaming market in Europe with gross gaming revenue of €17.0 billion in 2012, followed by the United Kingdom and Ireland with gross gaming revenue of €12.4 billion, France with gross gaming revenue of €9.4 billion, Germany with gross gaming revenue of €8.9 billion and Spain with gross gaming revenue of €8.6 billion. Total bet on gaming activities in Italy amounted to €87.2 billion in 2012.

The following table shows certain key performance indicators for the Italian gaming market for the years 2007 to 2012:

	Year ended December 31,						2007-2012
	2007	2008	2009	2010	2011	2012(1)	CAGR
	(in € millions, except percentages)						
Bet	41,424	47,555	54,403	60,983	79,597	87,200	16.1%
Year on year growth	—	14.8%	14.4%	12.1%	30.5%	9.6%	–
Gross gaming revenue	13,190	14,834	16,196	17,016	17,991	17,000	5.2%
Year on year growth	—	12.5%	9.2%	5.1%	5.7%	(5.5%)	–
Net gaming revenue	5,488	6,343	6,884	7,680	8,568	8,962(2)	10.3%
Year on year growth	—	15.6%	8.5%	11.6%	11.6%	4.6%	–
Real Italian GDP	1,492,671	1,475,412	1,394,347	1,418,376	1,423,674	1,389,948	(1.4%)
Year on year real Italian GDP growth	—	(1.2%)	(5.5%)	1.7%	0.4%	(2.4%)	–

(1) Data for the year ended December 31, 2012 originally presented in billions.

(2) Based on management estimates derived from information available from AAMS and Corte dei Conti.

Source: AAMS.

Source: Istat (for Italian GDP for the years ended December 31, 2007 to 2012).

The Italian gaming market has experienced strong growth since 2007, with a compound annual growth rate ("**CAGR**") in the period from 2007 to 2012 for bet of 16.1% and for gross gaming revenue of 5.2%. The CAGR growth of net gaming revenue over the past six years compares favorably to real GDP in Italy which declined at a CAGR of (1.4%) in the same period. In 2012, the growth of the Italian gaming market slowed and gross and net gaming revenue declined due to several factors, including the fact that the market is maturing, the general difficult macroeconomic situation in Italy which has impacted consumer behavior and spending patterns, an increase in the legally mandated payout ratio for existing games, the introduction of new games with higher payout (i.e., VLTs and online games) and an increase in taxes payable to AAMS, such as PREU (as defined herein). However, performance varied significantly across the specific market segments, with lotteries and horse betting experiencing the largest decline, while the VLT and online games segments recorded strong growth as well as increased gross and net gaming revenue.

Historically, the Italian gaming market has experienced attractive through-the-cycle growth primarily due to (i) the imposition and subsequent liberalization of a new regulatory framework, which, among other things, legalized online gaming activities and introduced VLTs which significantly broadened the product offering in the gaming machine market segment; (ii) the modernization of existing retail networks and introduction of new gaming hall formats suitable to hosting VLTs; (iii) the re-launch and re-styling of traditional lottery products including the development of new lottery formats such as annuity lottery games; (iv) an increase in the average payout from about 68% in 2007 to about 81% in 2012, largely attributable to the introduction of new games with higher legally mandated payouts (i.e., VLTs and online games), which made games more attractive to consumers; and (v) stricter controls on illegal gaming activities as well as a greater focus on socially responsible gaming, which we believe may have led to a broader acceptance of gaming in the population, however see "*Risk factors—Risks Related to Our Business—Adverse or negative perceptions and publicity surrounding the gaming industry could lead to increased gaming regulation, which could adversely affect our business financial condition and results of operations*".

The Italian, UK and Irish gaming markets are the only fully centrally regulated and liberalized gaming markets in Europe. The Italian gaming market is subject to a complex regulatory framework which is overseen by AAMS. Regulations prescribe, among other things, (i) which games may be operated and what amounts are charged as taxes; (ii) what minimum level of winnings may be awarded; (iii) what level of compensation may be paid to concessionaires; (iv) the number and location of the points of sale; (v) whether a given concession is exclusive or available to multiple concessionaires; and (vi) minimum levels of service. Regulation of the Italian gaming market has been significantly liberalized, in particular through the following laws and regulations:

- the Bersani Decree of 2006 which significantly liberalized the betting market by extending betting concessions to non-specialized points of sales such as tobacconists and coffee shops;
- the Abruzzo Decree of 2009 which introduced and regulates VLTs in Italy, thus significantly broadening the product offering in the gaming machines market;
- the Balduzzi Decree of 2012 which regulates advertisements in the gaming industry and the disclosure of payout ratios;
- the 2008 Community Law which aimed at modifying and integrating the existing Italian regulatory framework to comply with EC Treaty requirements on competition law and freedom of establishment, with a view to simplifying the award of new concessions to existing market participants and to opening the Italian market to competition from other EU member states; and
- the legalization and regulation of online gaming in 2009, introducing new games such as online tournament poker in 2010, online cash poker and casino games in 2011 and online AWPs in 2012, and setting higher payout ratios and lower tax rates for online games.

Based on these recent initiatives and the overall regulatory framework, we believe Italy is one of the most developed gaming markets in Europe. For more information on the regulatory framework that governs our gaming activities, see "*Regulation*".

The following table summarizes the gaming concession landscape in Italy:

Segment	2012 bet	Bet '07-12 CAGR	2012 actual payout	Multi-providing / Exclusive	Concession duration	Key concessionaire
AWP	€27.4bn	8.7%	~76%	Multi-providing Renewal risk: lower	**2022**	• GTECH • **Gamenet** • Sisal • HBG
VLTs	€21.3bn	397.7%[1]	~89%	Multi-providing Renewal risk: lower	**2022**	• GTECH • **Gamenet** • Sisal • HBG
Sports betting	€2.8bn	7.7%	~82%	Multi-providing Renewal risk: lower	2016	• SNAI • GTECH • Sisal
Horse betting	€0.9bn	(19.3%)	~67%	Multi-providing Renewal risk: lower	2016	• SNAI • GTECH • Sisal
Online games	€15.3bn	71.0%	~95%	Multi-providing Renewal risk: lower	2021	• PokerStars • GTECH • bwin
Lotteries	€17.8bn	2.2%	Lotto: 66% SuperEnalotto: 44%	Exclusive Renewal risk: **higher**	2016 / 2018[2]	• GTECH • Sisal
Bingo	€1.7bn	(0.6%)	71%	Multi-providing Renewal risk: lower	2013 / 2016[3]	• Various operators

Segments in which Gamenet holds a concession (dashed box: AWP, VLTs, Sports betting, Horse betting)

Notes:

1 VLTs CAGR over the period 2010-2012

2 SuperEnalotto concession (Sisal) expires in 2018; Lotto concession (GTECH) expires in 2016

3 Depending on the year when the concession was awarded

Source: AAMS

(1) VLTs CAGR over the period 2010-2012.

(2) SuperEnalotto concession (Sisal) expires in 2018; Lotto concession (GTECH) expires in 2016.

(3) Depending on the year when the concession was awarded.

(4) Based on management estimates derived from information available from AAMS and Corte dei Conti.

We believe that the gaming market is maturing and is likely to stabilize or may slightly decline over the next few years, and will be characterized by the following trends:

- the stable or somewhat declining performance of the concentrated lottery market segment and the completion of the roll out of VLTs;
- the consolidation and modernization of the existing retail network with improved gaming hall formats;
- the introduction of innovative new products such as virtual races which have proved to be popular in the betting market segment in the United States and the United Kingdom and Ireland, and for which regulatory approval is currently pending;
- the expansion of the online gaming market, which is characterized by a high rate of product innovation and lower margins than the offline gaming market due to higher payout rates and customer acquisition costs; and
- a further consolidation of the fragmented Italian gaming market through the acquisition by larger players of small independent and local operators, especially in the AWP, VLT and betting sectors.

Market Segments

The following table shows total bet in Italy by market segment for the years 2007 to 2012:

	Year ended December 31,						2007-2012
	2007	2008	2009	2010	2011	2012[(1)]	CAGR
	(in € millions, except for percentages)						
Gaming Machines	**18,072**	**21,685**	**25,525**	**31,534**	**44,615**	**48,700**	**21.9%**
VLTs	—	—	—	860	14,745	21,300	44.5%[(2)]
AWPs	18,072	21,685	25,525	30,674	29,870	27,400	8.7%
Betting[(3)]	**4,560**	**5,184**	**4,805**	**4,773**	**4,098**	**3,700[(4)]**	**(4.1)%**
Sports betting	1,932	3,012	2,936	3,142	2,798	2,800[(4)]	7.7%
Horse betting	2,628	2,172	1,869	1,631	1,300	900[(4)]	(19.3)%
Online Games	**1,045**	**1,484**	**3,767**	**4,827**	**9,850**	**15,300[(4)]**	**71.0%**
Skill games	—	242	2,348	3,146	8,418	14,000	—
Other online games and betting	1,045	1,242	1,419	1,681	1,432	1,300[(4)]	4.5%
Lotteries	**15,994**	**17,566**	**18,794**	**18,042**	**19,368**	**17,800**	**2.2%**
Instant lotteries	7,904	9,205	9,359	9,308	10,193	9,800	4.4%
Lotto	6,150	5,852	5,663	5,231	6,795	6,200	0.2%
SuperEnalotto (NTNG)	1,940	2,509	3,772	3,503	2,380	1,800	(1.5)%
Bingo	**1,753**	**1,636**	**1,512**	**1,807**	**1,666**	**1,700**	**(0.6)%**
Total market bet	**41,424**	**47,555**	**54,403**	**60,983**	**79,597**	**87,200**	**16.1%**

Source: AAMS

(1) Data for the year ended December 31, 2012 originally presented in billions.

(2) CAGR for VLTs calculated only for 2011 to 2012.

(3) Includes pool games and prediction games.

(4) Based on management estimates derived from information available from AAMS and Corte dei Conti.

The payout ratio to winners varies by segment. In 2012, payout expressed as a percentage of bet amounted to approximately 89% for VLTs, 76% for AWPs, 82% for sports betting, 67% for horse betting, 95% for online games, 67% for lottery games and 71% for bingo. As a result of the different payout ratios, there has been a shift of players towards games with higher payout such as VLTs and online games in recent years.

The following table shows gross gaming revenue in Italy by market segment for the years 2007 to 2012:

	Year ended December 31,						2007-2012
	2007	2008	2009	2010	2011	2012[(1)]	CAGR
	(in € millions, except for percentages)						
Gaming Machines	**4,518**	**5,421**	**6,381**	**7,754**	**8,717**	**9,100**	**15.0%**
VLTs	—	—	—	85	1,435	2,400	67.2%[(2)]
AWPs	4,518	5,421	6,381	7,669	7,282	6,700	8.2%
Betting[(3)]	**1,353**	**1,469**	**1,268**	**1,163**	**1,111**	**800[(4)]**	**(10.0)%**
Sports betting	539	795	680	652	703	500[(4)]	(1.5)%
Horse betting	814	674	588	511	408	300[(4)]	(18.1)%
Online Games	**240**	**317**	**574**	**696**	**731**	**700[(4)]**	**23.9%**
Skill games	—	29	282	380	434	500	—
Other online games and betting	240	288	292	316	297	200[(4)]	(3.6)%
Lotteries	**6,343**	**6,940**	**7,519**	**6,862**	**6,969**	**5,900**	**(1.4)%**
Instant lotteries	2,371	2,761	2,808	2,606	2,820	2,800	3.4%
Lotto	2,768	2,633	2,521	2,277	2,795	2,100	(5.4)%
SuperEnalotto (NTNG)	1,204	1,546	2,190	1,979	1,354	1,000	(3.6)%
Bingo	**736**	**687**	**454**	**541**	**463**	**500**	**(7.4)%**
Total market gross gaming revenue	**13,190**	**14,834**	**16,196**	**17,016**	**17,991**	**17,000**	**5.2%**

Source: AAMS

(1) Data for the year ended December 31, 2012 originally presented in billions.

(2) CAGR for VLTs calculated only for 2011 to 2012.

(3) Includes pool games and prediction games.

(4) Based on management estimates derived from information available from AAMs and Corte dei Conti.

Gaming providers must pay taxes on bet (gross gaming revenue for poker and online casino games), the amount of which varies by segment and on a game-by-game basis. In 2012, taxes expressed as a percentage of bet on average amounted to approximately 4% for VLTs, 12% for AWPs, 5% for sports betting, 4% for horse betting, 1% for online games, 19% for lottery games and 11% for bingo.

The following table shows the amount of taxes paid in Italy by market segment for the years 2007 to 2012:

	Year ended December 31,						2007-2012
	2007	2008	2009	2010	2011	2012[(1)]	CAGR
	(in € millions, except for percentages)						
Gaming Machines	**2,239**	**2,678**	**3,254**	**3,815**	**4,081**	**4,154**	**13.2%**
VLTs	—	—	—	20	347	894	157.6%[(2)]
AWPs	2,239	2,678	3,254	3,795	3,734	3,260	7.8%
Betting[(3)]	**660**	**601**	**537**	**483**	**395**	**162[(4)]**	**(24.5)%**
Sports betting	145	174	161	157	137	127[(4)]	(2.6)%
Horse betting	515	427	376	326	258	35[(4)]	(41.6)%
Online Games	**62**	**87**	**168**	**209**	**198**	**172[(4)]**	**22.6%**
Skill games	—	8	77	94	104	109	—
Other online games and betting	62	79	91	115	94	63[(4)]	0.3%
Lotteries	**4,324**	**4,736**	**5,171**	**4,613**	**4,550**	**3,356**	**(4.9)%**
Instant lotteries	1,541	1,641	1,669	1,474	1,597	1,406	(1.8)%
Lotto	1,807	1,843	1,756	1,571	1,878	1,134	(8.9)%
SuperEnalotto (NTNG)	976	1,252	1,746	1,568	1,075	816	(3.5)%
Bingo	**417**	**389**	**182**	**216**	**199**	**194**	**(14.2)%**
Total market gaming taxes	**7,702**	**8,491**	**9,312**	**9,336**	**9,423**	**8,038**	**0.9%**

Source: AAMS and Corte dei Conti.

(1) Data for the year ended December 31, 2012 originally presented in billions.

(2) CAGR for VLTs calculated only for 2011 to 2012.

(3) Includes pool games and prediction games.

(4) Based on management estimates derived from information available from AAMS and Corte dei Conti.

The following table shows net gaming revenue in Italy by market segment for the years 2007 to 2012:

	Year ended December 31,						2007-2012
	2007	2008	2009	2010	2011	2012[(1)]	CAGR
	(in € millions, except for percentages)						
Gaming Machines	**2,279**	**2,743**	**3,127**	**3,939**	**4,636**	**4,946**	**16.8%**
VLTs	—	—	—	65	1,088	1,506	38.4%[(2)]
AWPs	2,279	2,743	3,127	3,874	3,548	3,440	8.6%
Betting[(3)]	**693**	**868**	**731**	**680**	**716**	**638[(4)]**	**(1.6)%**
Sports betting	394	621	519	495	566	373[(4)]	(1.1)%
Horse betting	299	247	212	185	150	265[(4)]	(2.4)%
Online Games	**178**	**230**	**406**	**487**	**533**	**528[(4)]**	**24.3%**
Skill games	—	21	205	286	330	391	—
Other online games and betting	178	209	201	201	203	137[(4)]	(5.1)%
Lotteries	**2,019**	**2,204**	**2,348**	**2,249**	**2,419**	**2,544**	**4.7%**
Instant lotteries	830	1,120	1,139	1,132	1,223	1,394	10.9%
Lotto	961	790	765	706	917	966	0.1%
SuperEnalotto (NTNG)	228	294	444	411	279	184	(4.2)%
Bingo	**319**	**298**	**272**	**325**	**264**	**306**	**(0.8)%**
Total market net gaming revenue	**5,488**	**6,343**	**6,884**	**7,680**	**8,568**	**8,962**	**10.3%**

Source: AAMS and Corte dei Conti.

(1) Data for the year ended December 31, 2012 originally presented in billions.

(2) CAGR for VLTs calculated only for 2011 to 2012.

(3) Includes pool games and prediction games.

(4) Based on management estimates derived from information available from AAMS and Corte dei Conti.

Gaming Machines

In 2012, the Italian gaming machines market accounted for approximately 56% of overall gaming market bet, with total bet amounting to approximately €48,700 million and total net gaming revenue amounting to €4,946 million. The gaming machines market currently includes 12 concessionaires. The gaming machines market can be divided into two different segments; (i) VLTs and (ii) AWPs. Our VLT and AWP concession expires in March 2022.

A VLT concessionaire is the owner of the machine. VLT operators provide the platform for the terminal which determines the winnings as VLT winnings are paid out across the entire network. The concessionaire enters into a revenue-sharing contract with the retailer who displays the machine. Additionally, in certain instances the concessionaire enters into an agreement with a third party intermediary to install the VLT in return for either a fixed fee or a portion of the revenue generated by the VLT.

An AWP concessionaire is responsible to AAMS for the certification of the gaming machine, the establishment and management of the network connection, data transmission to AAMS and the proper functioning of the machine. The concessionaire receives compensation based on a percentage of the bet. The operator of an AWP, known as the "*gestore*", or in certain cases, the owner of an AWP (who may also be its *gestore*) is responsible for the initial deployment, management and maintenance of the gaming machine and enters into a revenue-sharing contract with the retailer who displays the machine. The *gestore* is also responsible for collecting the wagers. A concessionaire may also act as *gestore*. Currently, we estimate that over 4,000 *gestore* operate in the Italian gaming machines market segment.

The following table summarized the main features of VLTs and AWPs:

	AWPs	VLTs
Terminal owned by the concessionaires	×	✓
# of licenses (as of Feb-12)	410,734 (unlimited by regulator)	56,697 (limited by regulator)
Max Stake	€ 1.00	€ 10.00
Max Win	€ 100	€ 5,000
Jackpot	×	Up to €100,000 per location Up to €500,000 per network
Minimum payout	Currently 74%	≥85% (2012 industry average of c. 89%)
Game content	Combination games (slot-like) Poker-like games forbidden Games cannnot be changed remotely	Any (slot-like, casino games, etc) Higher variety of games, which can be changed remotely
Possibility to change games for operator	×	✓
Most relevant locations	Bars, betting shops	Bingos, gaming halls, arcades
Avg. annual bet per terminal	~€68k	~€612k

VLTs. Video lottery terminals, also referred to as "clause 6b" machines, or VLTs, were first introduced in Italy in August 2010. Instead of the traditional graphical reels of AWPs, VLTs employ a video display and provide a wider range of games. VLTs can be managed and monitored remotely and in real time. VLTs can only be placed in dedicated gaming halls. VLTs currently offer a minimum payout ratio of approximately 85%, which is higher than the current minimum payout ratio for traditional AWPs at 74%, due to different legally mandated payout rates which include jackpots and games mechanics. In 2012, total VLT bet in Italy amounted to approximately €21,300 million and VLT net gaming revenue amounted to €1,506 million.

Currently, concession rights to deploy approximately 56,700 VLTs (corresponding to 14% of the total number of installed AWPs in 2010) have been assigned to the same concessionaires that are active in the AWP market segment. As of December 2012, based on the latest available AAMS data, approximately 80% of such awarded concessions had been deployed. As of March 31, 2013, we have rolled-out approximately 92% of our awarded concession rights compared to 91% as of December 31, 2012.

The VLTs market segment is relatively consolidated with the largest five concessionaires accounting for a market share of approximately 60% based on total bet. We estimate that we are the second largest concessionaire with 14% market share based on number of VLT rights.

AWPs. Traditional slot machines, also referred to as "clause 6A" machines, or amusement with prize ("**AWP**"), employ a graphical reel containing pictures (such as fruits) and provide games of controlled chance, paying cash to winners. AWPs were legalized in Italy in 2004. AWPs are primarily placed in bars, cafés, tobacconists, gaming and bingo halls. AWPs offered a minimum payout ratio of approximately 75% in 2012, with actual payouts varying between concessionaires. Starting from 2013, the minimum required payout ratio on AWPs is 74%. Because of the similarity in product offerings, AWPs face some product substitution in favor of VLTs. In 2012, total AWP bet in Italy amounted to approximately €27,400 million and total AWP net gaming revenue amounted to €3,440 million.

The five largest AWP concessionaires represent a market share of approximately 58% based on bet. We are the second largest concessionaire with approximately 13% market share based on number of licenses. B Plus has received an extension to continue to operate through September 2013 and we do not know what will happen to their operations at such time.

Betting

Concessions for betting activities are granted in the form of licenses for the operation of a single betting shop or betting corner and a concessionaire can hold one or more licenses depending on the number of betting shops or corners it operates. The current betting concession will expire in June 2016. The Italian betting market comprises two main segments: sports betting and horse betting, which can be played both in authorized betting shops or corners and online. Most large concessionaries integrate their betting offerings; we, for example, integrate our betting shops, corners and online offerings under our Gamenet brand. Other betting relates to non-sports events connected with the world of entertainment, music, culture and current affairs of national and international importance. In 2012, total betting bet in Italy amounted to approximately €3,700 million and total betting net gaming revenue amounted to €638 million.

➤ *Sports Betting.* Sports betting includes fixed-odds sports betting, as well as pool games, where participants pay a fixed price into a betting pool and make a selection on a particular outcome. Sports betting takes place at designated betting shops and corners as well as online and is based on real-life sport events, such as football. In 2012, total sports betting bet amounted to approximately €2,800 million, of which about 31% relates to bets placed online, and total sports betting net gaming revenue amounted to €373 million. Consumer participation in the sports betting segment fluctuates from year to year and is influenced by the occurrence of special sport events such as the Olympic Games and the World or European Football Championships. Furthermore, the liberalization of the regulatory framework has broadened the range of permissible betting events and introduced new betting formats such as live betting, which allows consumers to place bets on an event after the event has started based on constantly changing odds. Live betting accounted for approximately 13% of sports betting bet in 2012. The popularity of pool games has declined significantly in recent years, which we attribute primarily to competition from fixed-odds sports betting and the limited appeal of pool games compared to other newer offerings.

➤ *Horse Betting:* Horse betting includes traditional horse race betting, which is exclusively played in betting shops and corners and hippodromes, as well as other horse betting games, such as Ippica Nazionale, which can be played in betting shops and corners and online. For traditional horse race betting, a unit bet costs €0.50 and the number of events on which bets can be placed depends on the daily programme published by the horse race association. For Ippica Nazionale, the number of events on which bets can be placed is fixed at approximately 15 events per day and a unit bet costs €1.00. Bet from horse betting has significantly declined since 2007, which we attribute primarily to players switching to other betting games as well as prolonged strikes by horse racing industry workers. Additionally, horse betting is characterized by high taxes as a percentage of bet, which in turn reduces the payout to players. Industry associations and public authorities are currently evaluating measures to restore interest in the horse betting market. In 2012, total horse betting bet amounted to approximately €900 million and total horse betting net gaming revenue amounted to €265 million. Further development and innovation in the horse betting segment is anticipated in 2013 with the possible introduction of virtual races. Virtual racing is a visual representation of a race where odds are based on a computerized number draw. Virtual races are currently pending launch approval by the regulator. The introduction of virtual races has been favorably received in the United Kingdom and Ireland.

The Italian sports betting market is relatively consolidated and in 2012 the three largest operators had an estimated betting market share of approximately 65% based on total bet. SNAI is the largest betting market participant, with approximately 31% market share in 2012. According to its public reports, SNAI generally does not hold all betting concessions itself but instead partners with betting shops that hold a license for which it acts as service provider. We own the license for each of our betting shops and corners, and we believe this is generally the case for the other large market participants.

Online Games

Online games were legalized in Italy in 2005 with the introduction of online sports betting. The online games market is highly segmented and currently includes over 140 concessionaires. An online concession generally permits the concession holder to operate any number of online games, even if such concession holder does not hold a concession to operate such games at a physical point of sale. Our online concession will expire in May 2021. The Italian online games market collected, with bet and net gaming revenue of €15,300 million and €528 million, respectively, in 2012. We believe this increase in bet can be primarily attributed to the frequent introduction of new online games as well as the very high legally-mandated payout rates of online games (excluding betting and lotteries games, which have the same payout rate whether they are played online or offline) which, on average, exceeds

95%. The following online games are available in the market: sports and horse betting, instant lotteries, pool games, lottery games, skill games, casino games, poker cash games, soft games (i.e., games of chance not based on cards) and online slots.

➤ *Skill games.* Online poker tournaments were launched in September 2008 and online poker cash games were launched in July 2011. Online poker currently consists mainly of poker cash games, which are played with money at stake and which usually have no predetermined end time, with players being able to enter and leave as they see fit. Poker cash games have gained market share at the expense of poker tournament games, which are played with special tournament chips worth nothing outside the tournament, and which usually have a definite end and a specific roster of players.

➤ *Other online games and online betting.* Online casino games include roulette, blackjack and card games. Online casino games are characterized by product innovation such as our introduction of online slots in 2012. Online casino games have shown the fastest bet growth in the industry.

To access the online gaming market, players must set up an online account with an online games provider, must have an Italian fiscal code (i.e., an Italian tax registration number), an Italian registered address and they must be located in Italy.

The online games market is generally considered to be a low margin market segment characterized by a high degree of competition. Many of our competitors have pursued aggressive commercial policies, such as a high level of advertising and welcome and loyalty bonuses or have actively promoted games with very high payouts, in an effort to increase market share. Instead, we have historically sought to attract customers with innovative products in order to maintain profitability.

We estimate that the three largest operators (PokerStars, GTECH and bwin) of online games account for approximately 53% of total bet in 2012.

Competition

We are the second largest Italian gaming company based on number of VLT and AWP rights held and bet collected from VLTs and AWPs in 2012 and the third largest Italian gaming company based on total bet collected in 2012. We compete with gaming companies, including concessionaires and online and retail operators.

The following table lists the top ten Italian concessionaires in terms of number of VLT and AWP rights during 2012:

Concessionaire	# of VLT rights	%	# of AWP licenses	%
B Plus(1)	11,953	21.1%	92,412	22.5%
GTECH (formerly known as Lottomatica)	10,761	19.0%	68,724	16.7%
Gamenet	**7,805**	**13.8%**	**52,830**	**12.9%**
Sisal	4,924	8.7%	40,279	9.8%
Cogetech	5,226	9.2%	37,676	9.2%
HBG	4,798	8.5%	37,049	9.0%
Snai	5,052	8.9%	30,441	7.4%
GMatica	2,236	3.9%	22,822	5.8%
Cirsa	2,583	4.6%	16,345	4.0%
Codere	1,359	2.4%	11,156	2.7%
Total	**56,697**	**100%**	**410,734**	**100%**

(1) AAMS is in the process of revoking the gaming concessions (including VLT rights and AWP licenses) held by B Plus (equal to 11,953 VLT rights and 92,412 AWP licenses as of December 31, 2012 based on publicly available data), the previous leading Italian gaming company in terms of number of VLTs and AWPs and gross revenues. B Plus's concessions are in the process of being revoked due to their inability to continue satisfying the terms and conditions of their concessions. B Plus has currently been granted an extension to continue operating until September 2013, and we do not know what will happen at that time. For additional information on the terms and conditions of concessions in Italy generally, see "*Regulation*".

Due to the expansion of and opening of points of sale tailored primarily for gaming, such as gaming halls, the introduction of online games and a number of additional new games, the Italian gaming market, which has historically been represented by a number of small concessionaires and operators, has seen, over the recent years, the expansion by certain Italian gaming operators of their product portfolio and an increasing interest from foreign operators. As a result, the Italian gaming market has become more competitive, and concessionaries that historically specialized on certain types of bets and games have expanded into other types of games. Our primary competitors in the Italian gaming market include GTECH, Sisal and SNAI.

We also face competition from a number of other industry players, especially in the online segment, which is highly fragmented and competitive, particularly in light of the size of our online gaming activities. Our main competitors in this area include Pokerstars, GTECH and bwin. Additionally, our retail operations, which comprise our directly owned gaming halls, and Government branded gaming halls, betting shops and corners and other points of sale, face competition from a number of small, local market participants such as family-owned convenience stores and coffee and tobacco shops, as well as from larger industry participants who have sought ways to expand their retail offerings over the past years.

We and other competitors in the Italian gaming market also face competition from illegal activities such as all forms of gaming and betting that circumvent public regulation. Italy continues to have an illegal or "grey" market in betting (i.e., online operators from outside of Italy operating without an Italian license or Italian online-only operators without a retail license providing betting services in shops). AAMS continues to work to curtail such illegal activities. Additionally, at times we may compete with several game operators from other EU member states who operate in the Italian gaming market without an AAMS license based on several decisions of the European Court of Justice and higher level Italian courts in accordance with EC Treaty rules. See "*Risk Factors—Risks Related to Our Business—Liberalization or other changes in the regulatory framework may increase the number of competitors in the gaming industry, including competitors who are not required to comply with the requirements of the Italian regulatory framework*".

Business

OVERVIEW

We are the third largest gaming company in Italy based on total bet and distribution network (excluding B Plus, see "*Market and industry Data*"), with €6.4 billion in bet collected in 2012 across our network of approximately 13,000 points of sale. Italy is the largest gaming market in Europe based on gross gaming revenues and has doubled in total bet since 2007, reaching an estimated €87,200 million in 2012. See *"Industry overview"*. In particular, we are the second largest concessionaire in the video lottery terminal ("**VLT**"), one of the most attractive segments of the gaming market, and slot machines/amusement with prize machine ("**AWP**") gaming segments based on total bet collected and number of rights held.

As of December 31, 2012, we operated 7,089 VLTs, out of our 7,805 VLT rights and collected approximately €3.2 billion in bet in 2012 from our VLTs. By the end of 2012, we had rolled out approximately 91% of our total VLT rights (92% as of March 31, 2013, including approximately 500 VLTs generating minimum guaranteed monthly fees under contract but not yet collecting bet), compared to a market average of 80%, and we had substantially completed the investment cycle in our VLT distribution network.

VLTs offer a more attractive gaming proposition to players compared to traditional gaming products, due to the greater variety of games and a higher average payout ratio, including the possibility to win a jackpot of up to €500,000. In 2012, the overall VLT gaming segment generated an estimated €21,300 million in bet, representing one of the main drivers of growth of the overall Italian gaming market.

In addition, as of March 31, 2013, we provided network connection services to 43,075 AWPs and collected approximately €3.2 billion in bet from AWPs in 2012.

VLTs and AWPs represent our main operating activities, accounting for 32.8% and 65.4% of our total revenues and income, respectively, for the twelve months ended March 31, 2013. In the same period, VLTs and AWPs generated Contribution Margin of €73.0 million and €29.2 million, respectively, corresponding to 72.4% and 28.9% of our total Contribution Margin of €100.8 million, respectively. Our VLT and AWP concession will expire in March 2022.

We also operate in the betting and online areas through 89 betting shop licenses and 96 betting corner licenses and our website Gamenet.it. In particular, we offer physical and online betting (e.g., football, car racing, horse racing, etc.) and a wide variety of online-only products including poker, skill and prediction games.

We currently have the third largest gaming distribution network in Italy, with approximately 13,000 physical points of sale consisting of 660 gaming halls (37 of which are currently directly owned by us), directly owned and partner-managed betting shops (venues dedicated to gaming and betting) and betting corners (venues primarily dedicated to activities other than gaming and betting), bars, tobacco shops and newsstands as well as our website, Gamenet.it. As of December 31, 2012, approximately 43% of our points of sale were located in northern Italy, 32% were located in central Italy and the remaining 25% were located in southern Italy.

As of March 31, 2013, our distribution network included 660 gaming halls. On average, each gaming hall contains between ten to 20 VLTs and five to ten AWPs. Of the 660 gaming halls in our distribution network, we owned the leases and held the required authorizations for 37 gaming halls, of which 34 are currently operating under the Gamenet brand through contractual arrangements with third-party managers (*gestori*) responsible for the day-to-day operations of the gaming halls, including employment matters. In July 2013, we signed an agreement to acquire 63 additional gaming halls. The acquisition of each gaming hall is subject to obtaining permission from local authorities to transfer the existing authorizations from the seller to Gamenet Entertainment. The purchase price is calculated as a multiple of 2.5 times the EBITDA of each gaming hall for the year ended December 31, 2014, which we expect will not exceed €10.0 million in aggregate. At signing we paid approximately €5.0 million and the remaining portion of the consideration will be paid, in part, at closing and, in part, in 2015. See "*Business—Business Strategy—Continue to expand the number of leased and licensed points of sale and the number of Gamenet branded partner gaming halls in our distribution network*", "*Business—Our Distribution Network—Gaming Halls*" and "*Business—Our Retail Partner Relationships*".

Our key performance indicators for the year ended December 31, 2012 improved significantly compared to the prior year:

➤ Total bet of €6,386.4 million, as compared with €5,576.8 million (a 14.5% increase);

➤ Total revenues and income of €650.4 million, as compared with €630.9 million (a 3.1% increase);

➤ Total Contribution Margin of €97.9 million, as compared with €75.5 million (a 29.6% increase); and

➤ Total Adjusted EBITDA of €79.2 million, as compared with €57.3 million (a 38.3% increase).

In addition, for the three months ended March 31, 2013 as compared to the three months ended March 31, 2012, we generated:

➤ Total bet of €1,652.9 million, as compared with €1,521.1 million (a 9.3% increase);

➤ Total revenues and income of €145.6 million, as compared with €154.4 million (a 5.7% decrease);

➤ Total Contribution Margin of €25.8 million, as compared with €22.8 million (a 12.8% increase); and

➤ Total Adjusted EBITDA of €19.7 million, as compared with €17.2 million (a 14.2% increase).

See "*Management's discussion and analysis of financial condition and results of operations*".

OUR BUSINESS

The following table sets forth key information for each of our business activities for the twelve months ended March 31, 2013 and the years ended December 31, 2012 and 2011:

	VLTs(1)	AWPs(1)	Betting and Online(2)	Gaming halls(3)	Eliminations	Total
	(in € thousands, except non-financial information)					
Twelve months ended March 31, 2013						
Bet	3,417,333	3,090,049	10,878	—	—	**6,518,260**
Revenues and Income	210,404	419,686	10,878	2,457	(1,874)	**641,551**
Contribution Margin(4)	72,962	29,158	(2,008)	6	723	**100,841**
Number of rights/licenses	*7,805*	—	*185(6)*	*37(5)*	—	—
Number of rights/licenses/ terminals in operations	*7,217*	*43,075*	*104*		—	—
Number of points of sale	*660*	*12,768*	*77*	*660*	—	—
Concession expiration year	*2022*	*2022*	*2016/2021*	—	—	—
Year ended December 31, 2012						
Bet	3,218,094	3,157,596	10,738	—		**6,386,428**
Revenues and Income	202,369	436,868	10,738	1,312	(880)	**650,407**
Contribution Margin(4)	69,643	29,675	(2,068)	(56)	714	**97,908**
Number of rights/licenses	*7,805*	—	*104*	*37*	—	—
Number of rights/licenses/ terminals in operations	*7,089*	*46,801*	*104(6)*	—	—	—
Number of points of sale	*646*	*13,655*	*77*	*646*	—	—
Concession expiration year	*2022*	*2022*	*2016/2021*	—	—	—
Year ended December 31, 2011						
Bet	1,746,674	3,819,097	10,998	—		**5,576,769**
Revenues and Income	121,083	498,562	10,998	804	(588)	**630,859**
Contribution Margin(4)	38,642	37,837	(1,690)	(60)	809	**75,538**
Number of rights/licenses	*7,805*	—	*104(6)*	—	—	—
Number of rights/licenses/ terminals in operations	*5,232*	*45,669*	*104*			
Number of points of sale	*399*	*13,618*	*72*	*399*	—	—
Concession expiration year	*2022*	*2022*	*2016/2021*	—	—	—

(1) VLT and AWP revenues are recorded net of PREU tax and payout.

(2) Betting and Online revenues include the revenues generated by physical and online horse and sports betting offerings and the revenues generated by our online gaming activities.

(3) Gaming hall revenues primarily include the annual services fee charged to gaming halls, and to a lesser extent, activation fees charged to new clients and revenues from bars located within our gaming halls.

(4) Contribution Margin is calculated as total revenues and other income net of distribution network costs and other direct costs before eliminations. See "*Management's discussion and analysis of financial condition and results of operations*" for a more detailed explanation of Contribution Margin.

(5) As of March 31, 2013, we owned the leases and held the required authorizations for 37 gaming halls (of which 34 were operating under the Gamenet brand).

(6) In addition, we have one license for our online business activities.

COMPETITIVE STRENGTHS

We believe a number of key factors give us a competitive advantage and make our business strong and resilient, including:

A key player in a well-established and resilient industry with strong barriers to entry. We are the third largest gaming company in Italy based on total bet with approximately €6.4 billion of bet collected in 2012. The Italian gaming market has doubled in size since 2007, reaching total bet estimated at €87,200 million in 2012, and is currently the largest gaming market in Europe based on gross gaming revenues. Furthermore, the Italian gaming market has shown strong resilience amid challenging economic conditions, with Italy's GDP contracting by 7% between 2007 and 2012. See "*Industry overview*". The gaming market is highly regulated, with a well-defined set of rules established by AAMS, and based on a concession model with pre-defined durations; for example, our VLT and AWP concession will not expire until March 2022.

In addition, the relationship of industry participants (including us) with the regulatory authority and their ability to operate within the existing regulatory framework are critical factors for success. AAMS requires companies to meet certain requirements before awarding gaming concessions, requiring bidders to have an extensive territorial presence in Italy, a strong expertise in the information technology processes necessary for the operation of a gaming network and a solid financial position, often requesting substantial upfront fees and payments for awarding the gaming concessions.

We believe the high level of regulation in the Italian gaming industry, together with the fact that our current VLT and AWP concession will not expire until March 2022 and the substantial retail network, technical and financial requirements to obtain gaming concessions, in general, represent significant barriers to entry for potential new entrants and a particular challenge for smaller participants.

Significant barriers of entry, both of a regulatory and a commercial nature, exist also at the distribution network level, which further reduce not only the risks of entry of new operators but also competitive pressure from existing concessionaires.

The ability to open and operate new gaming points of sale is subject to compliance with geographic concentration limits set by AAMS as well as to the award of the required authorizations from local authorities. Competition among VLT concessionaires is further limited by the provision that only one VLT concessionaire may operate in each gaming venue. In addition, the contractual agreements we enter into with our retail partners provide us with a significant control over our distribution network: these contracts generally last for the duration of the concession and include significant penalties in case of early termination of the contract which, in the case of VLTs, are equal to €15,000 for each VLT managed under the contract, equivalent to our initial investment for each VLT license paid for in 2009 and 2010.

Strong and leading presence in the highly attractive VLT segment. We are the second largest VLT concessionaire in Italy, with a total of 7,805 VLT rights (13.8% of total VLT rights awarded by AAMS) and approximately €3.2 billion in bet collected in 2012, behind GTECH (formerly Lottomatica) (€7.7 billion in bet collected in 2012) and ahead of Sisal (€2.2 billion in bet collected in 2012).

By the end of 2012, we had rolled out 91% of our total VLT rights awarded in 2010, compared to an average of 80% for the overall market, and had substantially completed the investment cycle in our VLT distribution network.

In 2012, the overall VLT segment in Italy generated an estimated €21,300 million in bet, representing one of the main drivers of growth of the overall Italian gaming market. VLTs offer a more attractive gaming proposition to players due to their greater variety of games, and the fact that they allow for higher maximum bets and provide a higher average payout ratio (approximately 89% currently) compared to traditional gaming products, including the possibility to win a jackpot of up to €500,000. As a result, the average annual bet per VLT is approximately €612,000 (excluding VLTs generating minimum guaranteed monthly fees under contract), which is approximately nine times greater than the average annual bet per AWP of approximately €68,000.

Furthermore, the share of value generated for concessionaires in the VLT sector is generally twice as much as that of the AWP sector, mainly due to the fact that, unlike for most AWPs, concessionaires own the VLT terminals. Therefore, while in 2012 our VLTs collected approximately the same amount of bet as our AWPs (€3.2 billion), our VLTs generated 71.1% of our Contribution Margin. See "*Business—Businesses—VLTs*", "*Business—Businesses—AWPs*" and "*Management's discussion and analysis of financial condition and results of operations*" for additional information on VLT and AWP value chains.

Attractive concession maturity profile. Approximately 99% of our total bet and 100% of our Contribution Margin are generated by our VLT and AWP business activities. With nearly nine years of remaining life and expiration set for March 2022, our VLT and AWP concession has the longest yearly dated expiry in the Italian gaming market. These long contractual durations ensure that during the life of the Notes we will not incur expenses relating to the renewal of our VLT and AWP concession. Furthermore, as of the date of this offering memorandum, we have substantially completed our VLT rights roll out and the related investment cycle. See "*Management's discussion and analysis of financial condition and results of operations—Information by business activity*". Our concession maturity profile compares favorably to those of GTECH and Sisal, which collected, respectively, approximately 54.0% and 31.0% of total 2012 bet from concessions which will expire by 2018 or earlier.

High quality distribution network, product mix and IT platform. We have the third largest gaming distribution network in Italy comprising approximately 13,000 points of sale and our website, Gamenet.it.

Our physical retail distribution network is geographically distributed throughout Italy, with 43% of our points of sale in northern Italy, 32% in central Italy and the remaining 25% in southern Italy as of December 31, 2012. This network is supported by a dedicated nationwide sales team, fully focused on managing our relationships with our retail partners, implementing our marketing and branding strategy and identifying new business opportunities. See "*Business—Our Retail Partner Relationships*".

We offer our customers a comprehensive range of VLTs, AWPs and betting. Our VLTs are based on two product platforms, Spielo and Novomatic, which are considered to be among the best platforms in our industry, particularly in terms of reliability. We are currently working to roll out a third platform over the next few months to further enrich our product offering and improve customer satisfaction. Furthermore, we offer additional value-added products and services to our customers throughout our physical retail distribution network in order to generate cross-selling opportunities. In particular, we have recently introduced (i) branded pre-paid debit cards, which can be charged with money that our customers can then use to play games in our gaming halls and on our website and (ii) tailor-made scratch cards, which allow our customers to top-up their online gaming accounts without using a credit card.

Our strong and comprehensive product offer is underpinned by our leading ICT platform. We have invested significant resources to develop in-house integrated information technology ("**IT**") systems and in 2010 we received the "ICT Innovation" award at the SMAU Business in Rome for the quality and reliability of our IT systems developed to support the roll out of our VLTs.

Our IT systems allow us, among other things, to provide state of the art products and services to our customers, maximize revenues from our VLT and AWP businesses as well use socio-demographic characteristics and geo-mapping of our competitors' distribution networks to assist our sales team identify optimum locations for points of sale partnerships and acquisitions. In addition, the efficiency of our IT systems allow us to collect approximately €500 million in taxes annually and consistently meet AAMS performance targets with over 99% hit ratios, making us a key, reliable partner for the Italian government. Through our VLT and AWP activities we are a large provider of telecommunication services in Italy. For additional information on our IT systems, see "*Business—Information Technology*".

Our ability to provide a compelling value proposition to our customers and partners has been confirmed by the results of a market survey that we recently conducted, according to which we enjoy a 62% customer loyalty ratio and greater than 80% retail partner satisfaction ratio. For additional information on the market survey, see "*Business—Businesses—Our distribution network—Assessment of our performance*".

Effective Risk Management System. Our credit risk management practices allow us to efficiently monitor and manage the main risks associated with our business. As of March 31, 2013, our credit department consisted of 15 fully dedicated employees, representing approximately 8.0% of Gamenet total headcount. Before entering into new arrangements, we evaluate the credit of potential retail partners and typically obtain bank sureties or security deposits. See "Business—Our Retail Partner Relationship". We continuously monitor the credit of our partners for the duration of our contractual arrangements. We have short collection periods (every other day for VLT collections and bi-weekly for AWP collections) in order to minimize credit collection risks. If a distribution network manager fails to make a timely payment, we have the ability to remotely disconnect the terminals at the relevant point of sale, while we investigate the cause and take remedial action.

As a result of our continued focus on credit risk management, our trade receivables net of provision from doubtful accounts decreased from €65.9 million as of December 31, 2011 to €57.3 million as of December 31, 2012 and €52.6 million as of March 31, 2013, or from 10.4% of our total revenues and income for the year ended December 31, 2011 to 8.8% and 8.2% of our total revenues and income for the year ended December 31, 2012 and the twelve months ended March 31, 2013, respectively.

Highly attractive financial profile underpinned by a lean operating structure. We have a strong track record of profitable growth and deleveraging. As a result of our recent significant investments in connection with the roll out of our VLTs, our Adjusted EBITDA increased from €57.3 million in 2011 to €81.7 million for the twelve months ended March 31, 2013, and our ratio of net debt to Adjusted EBITDA declined from 1.2x in 2011 to 0.8x for the twelve months ended March 31, 2013. In addition, our Contribution Margin increased from €75.5 million in 2011 to €100.8 million for the twelve months ended March 31, 2013. In June 2013, we received a rebate of €31.4 million, representing 99% of our annual deposit to AAMS for 2012, and as a result, after giving effect to the Transactions, the ratio of our net debt to Adjusted EBITDA is expected to be approximately 1.2x and we expect to have a strong liquidity position with approximately €4.3 million of financial assets and €99.6 million of cash on our balance sheet (approximately €68.2 million not including the €31.4 million rebate referred to above) and the ratio of our total debt to Adjusted EBITDA is expected to be 2.5x. In addition, because we have already rolled out 92% of our VLT rights as of the date of this offering memorandum, we expect to maintain strong cash flow conversion levels and minimal capital expenditure requirements.

Our attractive financial profile is further underpinned by a lean and efficient operating and cost structure. As of December 31, 2012, we had only 167 employees, corresponding to an average Adjusted EBITDA per employee generated of €470,000.

In addition, our total fixed/non-controllable operating costs for the year ended December 31, 2012, amounted to €17.4 million, corresponding to only 3.0% of our total cost base. Furthermore, as a result of effective cost management, such costs increased by only 3.0% compared to the year ended December 31, 2011, compared to a 3.1% increase in revenues and income and a 29.6% increase in our Contribution Margin.

We believe that our flexible operating structure and effective cost management, coupled with our well invested product platform and moderate leverage after giving effect to for the Transactions are the key elements of our attractive financial profile.

Highly experienced management team and incentivized workforce. The members of our senior- and middle-management teams have significant experience in the gaming, retail, and ICT sectors. In addition, our managers have developed their expertise with national and multinational companies, as well as governmental regulatory and taxation agencies. Our experienced management team has demonstrated its ability to grow our business, for example, through successfully completing the VLT roll out, expanding our distribution network, introducing innovative products, and significantly reducing our leverage over the past two years. We also benefit from the market and industry expertise, business relationships, knowledge, investments and experience of our principal shareholder Trilantic.

Our management is supported by a young and high quality team of professionals, the majority of whom were directly hired by our senior management and principal shareholder over the last couple of years to support the roll out of our VLTs and the expected future growth of the business. As of December 31, 2012, the average age of our employees was 39 years and 54% of them held university degrees.

In order to retain top talent, promote accountability and align the interests of our employees with those of the Group, we have developed an annual bonus scheme applicable to all employees based on the Company's and the individual's performance. In 2012, in light of the solid results achieved by Gamenet, all our employees were awarded their variable compensation component, for a total amount of €797.6 thousand, representing 8.1% of our total employee costs.

BUSINESS STRATEGY

Our objective is to strengthen our position as a leading gaming company in Italy and to achieve sustainable profitable growth through the following strategic pillars:

Continue to expand the number of leased and licensed points of sale and the number of Gamenet branded partner gaming halls in our distribution network. We intend to focus on the downstream expansion of our retail network by increasing the number of our own leased and licensed gaming halls, primarily through the acquisition of small gaming hall chains (e.g., the venue leases and required authorizations). The existing gaming retail network in Italy is highly fragmented, providing for vertical integration and expansion opportunities. Our expansion efforts are designed to allow us to retain the portion of the value chain that we have historically paid to our retail partners (e.g., point of sale owners) and, at the same time, reduce competition-related risks throughout our retail network in Italy. For example, for the three months ended March 31, 2013, we paid point of sale owners fees of approximately 5.5% and approximately 2.3%, respectively, in connection with our AWP and VLT business activities.

We believe that we have developed a strategy which minimizes potential execution, financial and operational risks involved in these acquisitions. We primarily aim at targeting small point of sale chains that are already part of our distribution network as they provide us with visibility on actual performance achieved and attractive economic terms, including part of the acquisition costs being deferred over time, subject to the achievement of pre-agreed performance targets.

Once we complete and commence operations of an acquired point of sale, which includes leasing the real estate and equipment and obtaining all required authorizations, we will seek to continue to minimize operational risk by delegating point of sale management responsibilities, including employment matters, to store managers (i.e., *gestori*) who are best placed to monitor day-to-day operations. Such store managers are remunerated on a variable basis in relation to the performance of their respective point of sale. These contracts usually last one year and are subject to minimum performance targets, which enables us to promptly replace non-performing managers, further minimizing operational risk. In addition, we will provide VLT, AWP and betting equipment and services to these store managers. In 2012, we acquired 37 gaming halls and, in July 2013, we signed an agreement to acquire 63 additional gaming halls.

We also aim to continue increasing the number of Gamenet branded partner-owned gaming halls across Italy, particularly through our recently launched Gamenet branding agreements that provide three different levels of branding options for gaming halls and other points of sale, as well as marketing and other support services to strengthen our relationship with both our retail partners and retail customers and to increase loyalty and satisfaction. See "*Business—Our Distribution Network—Branding agreements*".

Continue to expand our product offerings and to identify cross selling opportunities. We intend to continue to offer a diversified and state-of-the-art product mix to our customers and retail partners in order to increase both traffic and customer spend at points of sale in our distribution network, particularly gaming halls. For example, we are in the process of introducing a new Zitro VLT platform, which will expand our existing VLT gaming options with a view to attracting new customers to the gaming halls within our distribution network. We intend to roll out some of our 81 recently awarded betting licenses primarily in selected gaming halls within our distribution network, which will expand the product mix available at such gaming halls. We also intend to capitalize on the growth of online gaming by extending our online product offerings to users' mobile devices, allowing our customers to fund their accounts and play games directly from their mobile devices. We will continue to seek ways to use our physical points of sale to expand our online and mobile business, such as we have recently done through the creation of tailored supplemental products, including branded pre-paid debit cards and scratch cards that provide our customers with additional methods for funding and topping-up their online gaming accounts.

Further strengthen brand awareness and customer loyalty. We will continue strengthening our brand awareness through corporate sponsorships and by participating in important industry events (such as the ENADA fair), in order to strengthen our relationship with both our retail partners and the retail customers. We will also continue to develop tailor-made marketing and branding strategies, such as our new branding agreement packages, in order to strengthen brand awareness and customer loyalty and satisfaction.

Maximize profitability and cash flow through VLT network optimization. Having already achieved a 92% roll out of our VLTs within three years of their introduction in the Italian gaming industry, we now intend to focus on fully leveraging and optimizing our well-invested product and technological platform to maximize value generation throughout the life of our VLT concession.

In particular, we believe significant value potential could be extracted from an active asset management of our existing installed VLTs to increase the number of VLTs in top performance locations. To further maximize profitability, our existing agreements with gaming halls managers include minimum performance thresholds, which, if not achieved, allow us to terminate the agreement and relocate our VLTs elsewhere at minimal costs. We have also reduced the payout ratios for the VLTs in our distribution network to further increase our profitability.

Continue monitoring accretive bolt-on acquisitions opportunities in our core business area and in complementary segments of the value chain. We intend to continue opportunistically monitoring acquisition opportunities that can further strengthen our leading market position as a VLT and AWP concessionaire and offer significant operational synergies or that, alternatively, enable us to expand in attractive complementary segments of the value chain, such as in the AWP owner/operator segment ("*gestori*"), which is highly fragmented.

In assessing potential opportunities, we will continue to adopt our disciplined approach to acquisitions, focusing only on targets which offer a compelling risk/return proposition.

History of the Group

In 2003, CRIGA ("*Consorzio Rete Italia Gestori Automatico*"), a consortium of slot machine operators, was formed to compete for one of ten state concessions for the management of the public network of AWPs in Italy to be awarded by AAMS. Upon being awarded one of the ten concessions for the management of AWPs, CRIGA and other shareholders incorporated Gamenet S.p.A. in 2006 to operate the concession.

In 2009 and 2010, we expanded our business into the VLT market when we participated in the tender for VLT rights and were awarded 7,805 VLT rights. The upfront cost of these rights was approximately €117 million.

In November 2010, the private equity firm Trilantic acquired 64.3% of Gamenet's ordinary share capital, mainly through a capital increase, which provided part of the financial resources needed to acquire the VLT rights. Trilantic also acquired warrants, allowing Trilantic to increase its stake to 89.0% on a fully diluted basis. See "*Principal shareholders*".

As of December 31, 2011, we operated approximately 5,200 VLTs, representing 67% of our total VLT rights awarded in 2010. In addition, as of the same date, we provided network connection services to approximately 45,669 AWPs.

In 2012, we incorporated Gamenet Entertainment S.r.l. and Verve S.p.A., the latter together with Casino of Campione d'Italia, as a first step in our strategy to expand beyond our pure concessionaire role. Gamenet Entertainment S.r.l. and Verve S.p.A. were incorporated to manage, respectively, small-to-medium size gaming halls and large size gaming halls.

In 2012, Trilantic acquired 15,000 shares of the Issuer, increasing its interest in the Issuer's share capital to approximately 64.9%.

In 2012, we strengthened Gamenet Scommesse S.p.A. with a new management team to manage our betting and online platform. In May 2013, we acquired Eurispea Formazione S.p.A. (currently Gamenet Formazione S.p.A.) to provide training to gaming hall employees.

As of December 31, 2012, we operated 7,089 VLTs, representing approximately 91% of our total VLT rights awarded in 2010. In addition, as of the same date we provided network connection services to approximately 46,800 AWPs.

In 2013, we successfully renewed our VLT and AWP concession, which will not expire until March 2022 and we also successfully acquired 81 additional betting shop licenses at a cost of approximately €30,000 per license.

In 2013, Trilantic acquired 130,000 ordinary shares increasing its interest in the ordinary share capital of the Company to 70.0% and 91.1% on a fully diluted basis. In addition, in 2013, the Company acquired 200,000 ordinary shares.

In July 2013, we signed an agreement to acquire 63 additional gaming halls. The acquisition of each gaming hall is subject to obtaining permission from local authorities to transfer the existing authorizations from the seller to Gamenet Entertainment. The purchase price is calculated as a multiple of 2.5 times the EBITDA of each gaming hall for the year ended December 31, 2014, which we expect will not exceed €10.0 million in aggregate. At signing we paid approximately €5.0 million and the remaining portion of the consideration will be paid, in part, at closing and, in part, in 2015.

BUSINESSES

We are the third largest gaming company in Italy based on total bet, with €6.4 billion in bet collected in 2012, behind GTECH (€31.1 billion in bet collected in 2012) and Sisal (€7.9 billion in bet collected in 2012) and ahead of SNAI (€5.5 billion in bet collected in 2012). Our operations are primarily focused on VLTs and AWPs and, to a lesser extent, on betting and online gaming.

Our VLT and AWP concession allows us to provide network connection services for 7,805 VLTs and to up to 25% of the AWPs in Italy. As of March 31, 2013, we provide network connection services to 7,217 VLTs and approximately 43,075 AWPs, representing approximately 14% and 13% of the VLTs and AWPs operating in Italy, respectively. We hold (through Gamenet Scommesse S.p.A.) two betting concessions, pursuant to which we have 185 betting licenses, of which 81 were recently awarded in 2013 and have not yet been rolled out. In addition, we hold (through Gamenet Scommesse S.p.A.) one online gaming concession.

The following table sets forth a breakdown of our total revenues by business activity for the years ended December 31, 2011 and 2012 and the three months ended March 31, 2012 and 2013:

	For the year ended December 31,				For the three months ended March 31,			
	2011	% total revenues	2012	% total revenues	2012	% total revenues	2013	% total revenues
	(€ in thousands, except percentages)							
VLTs	119,076	19.0%	199,787	31.0%	43,756	28.6%	51,146	35.6%
AWPs	495,254	79.2%	432,726	67.2%	106,221	69.4%	89,022	62.1%
Betting and online	10,998	1.8%	10,738	1.7%	3,020	2.0%	3,160	2.2%
Gaming Halls	17	0.0%	391	0.1%	10	0.0%	144	0.1%
Total revenues	**625,345**	**100%**	**643,642**	**100.0%**	**153,007**	**100.0%**	**143,472**	**100.0%**

The following table sets forth, a brief description of the products and services offered, the applicable concessions and the number of points of sale applicable to each of our business activities as of the date of this offering memorandum.

	Product Categories	Concession	Points of Sale
VLTs	➤ direct management of VLT machines	**Multi providing;** expiring in March 2022	660
AWPs	➤ connection of third-party AWP ➤ direct management of AWPs	**Multi providing;** expiring in March 2022	12,768
Betting	➤ sports betting ➤ horse racing	**Multi providing;** expiring in June 2016	185
Online	➤ Online betting ➤ poker ➤ skill games ➤ prediction games ➤ casino games	**Multi providing;** expiring in May 2021	1

Under the Italian regulatory regime, only VLTs and AWPs that are linked to AAMS's control system are permitted to operate. This system permits games played on the machines to be controlled and monitored by AAMS for tax purposes. As one of twelve VLT and AWP concessionaires in Italy, we act as a network system operator and provide clients with the required network connection services for the VLTs and AWPs in our distribution network to ensure compliance with the Italian regulatory regime. We also operate and directly manage our VLTs.

VLTs

The following table sets forth key information and the percentage breakdown by type of point of sale for our VLT activities for the years ended December 31, 2011 and 2012 and the three months ended March 31, 2012 and 2013:

	For the year ended December 31,		Three months ended March 31,	
	2011	2012	2012	2013
Total bet (in € millions)	1,747	3,218	714	913
Payout (as a percentage of bet)	91.6%	89.9%	90.3%	89.7%
Revenues and income (in € millions)	121,083	202,369	44,265	52,300
Contribution Margin (in € millions)	38,642	69,643	14,802	18,121
Number of VLTs in operation	5,232	7,089	5,880	7,217
Average number of VLTs machines for the year/period in operation	2,853	6,295	5,556	7,153
Average bet/VLT (in € thousands)(2)	706	612	161	144
Number of VLT points of sale	399	646	476	660
of which gaming halls	*92.5%*	*94.6%*	*92.6%*	*95.6%*
of which bingo halls	*5.0%*	*3.6%*	*5.0%*	*3.3%*
of which betting shops and betting corners	*2.5%*	*1.9%*	*2.3%*	*1.1%*

(1) VLT revenues are recorded net of PREU tax and payout.

(2) Excluding VLTs earning guaranteed minimum daily fees under contract but not yet collecting bet which averaged 1,290 and 866 for the years ended December 31, 2011 and December 31, 2012, respectively, and 1,042 and 523 for the three months ended March 31, 2012 and March 31, 2013, respectively.

VLTs, which were first approved for use in Italy in 2009, are technologically advanced versions of traditional AWPs and feature innovative graphics and multiple game options. VLTs are more user-friendly, allow for the loading of new games remotely without having to modify the hardware of the machine and provide higher payout ratios than traditional AWPs, including the ability to pay a jackpot to customers. Currently, VLTs pay winnings of up to €5.000 per VLT and a nationwide jackpot of up to €500,000 and a network jackpot of up to €100,000. While the minimum payout required by law is 85% of the aggregate amount of bet collected across the network (compared to the

74% minimum required payout set by law for AWPs), for the three months ended March 31, 2013, average VLT payout was 90% which is broadly in line with the other concessionaires. As a result, for the year ended December 31, 2012 the average annual bet per VLT terminal was approximately €612,000 (excluding approximately 1,000 VLTs guaranteed minimum daily earning fees under contract but not yet operating), nine times greater than that of an AWP terminal at approximately €68,000.

Our VLTs are based almost entirely on the Spielo and Novomatic product platforms, which are considered to be among the best platforms in our industry, particularly in terms of reliability. Due to their specific features these platforms generate different average bet per VLT. Average bet per VLT may also change in connection with the location of the machines. As a consequence of the different timing of the roll out of these two platforms, over the last two years the underlying product mix of our offering has changed and this was reflected in the historical evolution of our average bet per VLT.

As an Italian VLT concessionaire, we are authorized to provide the required network connection services to 7,805 VLTs for which we have concession rights, representing approximately 14% of Italy's total VLT concession rights. Our VLT concession was renewed on March 20, 2013 and will expire in March 2022. In line with our growth strategy, we installed approximately 1,860 new VLTs in 2012, resulting in a 91% roll out compared to the market's average of 80%. In addition, we installed approximately 128 new VLTs in the first three months of 2013 resulting in a 92% roll out. As of March 31, 2013, we provided network connection services to 7,217 VLTs up from 7,089 VLTs as of December 31, 2012.

Our VLTs are based almost entirely on Novomatic and Spielo platforms, and we aim to introduce the new Zitro platform by the end of 2013, which we expect to account for approximately 1.7% of our VLTs. Unlike certain of our competitors, we are not dependent on any one VLT platform as we do not manufacture VLTs, which provides us maximum flexibility in choosing our VLTs platforms. Such flexibility allows us to better accommodate customer tastes and preferences and offer a wider variety of games on state-of-the-art platforms. Unlike AWPs, VLTs can only be placed in dedicated venues.

As of March 31, 2013, our VLT distribution network consisted of 660 gaming halls of which 54% were located in northern Italy, 34% were located in central Italy and the remaining 12% were located in southern Italy.

VLTs require greater upfront capital investment than AWPs. Each VLT license within our network required an upfront investment of approximately €15,000 at the time of the concession tender launched in 2009. Additionally, VLT concessionaires had to incur the costs of purchasing the physical VLT terminal, which typically costs between €6,000 and €7,000 each terminal. In contrast, the initial investments relating to AWPs are paid by the owner of the AWP, who represents a separate part of the AWP value chain.

In light of the significant upfront investments required, in addition to being a more attractive gaming option to players than AWPs, VLTs generate a greater share of value for concessionaires, which is more than twice as much of that generated by AWPs.

In the year ended December 31, 2012, our VLTs generated total revenues and income and Contribution Margin of €202.4 million and €69.6 million, respectively, compared to €436.9 million and €29.7 million generated by AWPs, respectively.

Approximately 1,500 of our VLTs are run under a minimum guaranteed fee arrangement with the managers of certain gaming halls managed by Adria Gaming International S.p.A., a subsidiary of the Novomatic group of companies (the group that manufacturers the Novomatic VLT platform). This arrangement pays us a guaranteed daily minimum fee of €10.00 per VLT even if a VLT is not in operation at any point in time. In 2012, our VLT minimum guaranteed fee arrangement generated revenues and income of €5.4 million.

By law, each individual VLT game must last at least four seconds and bets can be between €0.50 and €10.00. Of the remaining 10.3% of total bet after deducting the actual payout equal to approximately 89.7% of total bet (representing our average VLT payout for the three months ended March 31, 2013), 5.0% must be paid to AAMS as PREU (4.0% in 2012 and 2.0% in 2011). Although the minimum payout required by law is 85% of total bet, for the three months ended March 31, 2013 our average payout was 89.7% of total bet, which is consistent with our strategy of leveraging our well invested VLTs to maximize profitability and cash flow. We will continue to focus on this strategy when setting payout rates in the future. See "*—Business Strategy—Maximize profitability and cash flow through VLT network optimization*". The remaining 5.0% of total bet is our gross revenues and includes the sum of (i) 0.5% of total bet to be paid to AAMS as a security deposit over the course of the year on a twice monthly basis, which is subsequently reimbursed to us, in whole or in part, once a year, subject to our compliance with certain service and quality requirements, and (ii) 0.3% of total bet to be paid to AAMS as a concession fee. Of the remaining 4.5% of total bet, we pay (i) approximately 2.3% of total bet to the point of sale managers (for points of sale that we do not own) and (ii) between 0.4% to 0.6% of total bet to the VLT platform operators, leaving us with approximately 1.6% to 1.8% of total bet (or approximately 3.9% to 4.1% of total bet where we own the point of sale), excluding the refund we receive from our 0.5% of total bet AAMS security deposit. The above amounts represent approximations or indicative amounts for illustrative purposes in certain instances and have fluctuated in the past and will continue to do so in the future and this may have significant effects on the profitability of our VLT business. See "*Management's discussion and analysis of financial condition and results of operations—Key Factors Affecting Our Financial Condition and Results of Operations*".

VLTs are continuously connected to AAMS's network via our servers over a broadband connection in order to provide real time information. In order to support our network connection services, we maintain a sophisticated proprietary information technology platform, which is supported by approximately 800 high speed ADSL lines for the management and network connection of VLTs. See "*—Information Technology*".

AWPs

The following table sets forth key information and the percentage breakdown by type of point of sale for our AWP business for the years ended December 31, 2011 and 2012 and the three months ended March 31, 2012 and 2013:

	For the year ended December 31,		For the three months ended March 31,	
	2011	2012	2012	2013
Total bet (in € millions)	3,819	3,158	804	737
Payout (as a percentage of bet)	75.00%	75.00%	75.00%	75.00%
Revenues and income (in € thousands)	498,562	436,868	107,115	89,933
Contribution Margin (in € thousands)	37,837	29,675	8,153	7,636
Number of AWP licenses	45,669	46,801	45,845	43,075
Average number of AWPs for the year/period in operation	45,860	46,562	45,309	44,467
Average bet/AWP (in € thousands)	83.2	67.8	17.7	16.5
Number of AWP points of sale	13,618	13,655	13091	12,768
of which bars	*70.91%*	*68.71%*	*70.58%*	*68.55%*
of which gaming halls	*11.41%*	*13.13%*	*12.18%*	*13.31%*
of which tobacco shops	*6.39%*	*7.10%*	*6.71%*	*7.36%*
of which restaurants	*2.14%*	*1.97%*	*2.06%*	*1.86%*
of which other	*9.15%*	*9.09%*	*8.46%*	*8.93%*

(1) AWP revenues are recorded net of PREU tax and payout.

With AWPs, the outcome of the game is based on chance, with the players betting against the house. By law, AWPs currently pay winnings of €100 or less in cash. Starting from 2013, the minimum required payout from AWPs is 74% of the aggregate amount of bet per machine cycle collected across the network, compared to the prior minimum required payout of 75%.

Since July 13, 2004, we have held a non-exclusive concession to act as network operator for AWPs in Italy, which was renewed on March 20, 2013 and will expire in March 2022. As an AWP concessionaire, we are permitted to act as network operator for up to 25% of the total number of AWPs outstanding in Italy and provide the required network connection services to AWPs within our distribution network.

As of March 31, 2013, we provided network connection services to approximately 43,075 AWPs in Italy. We estimate that, as of December 31, 2012, the operational AWPs for which we provided network connection services represented approximately 13% of the AWPs in operation in Italy.

As of March 31, 2013, we provided AWP network connection services to approximately 707 distribution partners, through approximately 12,800 points of sale located throughout Italy, of which 43% were located in northern Italy, 32% were located in central Italy and the remaining 25% were located in southern Italy.

Approximately 63% of our AWPs are run under a minimum guaranteed fee arrangement. This arrangement pays us a guaranteed daily minimum fee of €0.8 per AWP even if an AWP is not in operation at any point in time. The remaining approximately 37% of our AWPs generate fees as described below.

Each individual AWP game lasts between 7 and 13 seconds and costs between €0.50 and €2.00. By law, effective January 1, 2013, AWPs' minimum payout is 74% of total bet (down from 75% in 2012) per machine cycle collected across the network and our actual AWP payout is equal to approximately 75% of total bet (representing our average AWP payout for the three months ended March 31, 2013). We currently also pay 12.7% of total bet to AAMS as tax (11.8% in 2012 and 12.5% in 2011). The remaining approximately 12.3% of total bet is our gross revenues and includes the sum of (i) 0.5% of total bet to be paid to AAMS as a security deposit over the course of the year on a twice monthly basis, which is subsequently reimbursed to us, in whole or in part, once a year, subject to our compliance with certain service and quality requirements, and (ii) 0.3% of total bet to be paid to AAMS as a concession fee. Of the remaining 11.5% of total bet, we pay approximately (i) 5.5% of total bet to the point of sale managers and (ii) 5.5% of total bet to the AWP managers, leaving us with approximately 0.5% of the total bet excluding the refund we receive from our 0.5% of total bet annual AAMS security deposit. The above amounts represent approximations or indicative amounts for illustrative purposes in certain instances and have fluctuated in the past and will continue to do so in the future and this may have significant effects on the profitability of our AWP business. See "*Management's discussion and analysis of financial condition and results of operations—Key Factors Affecting Our Financial Condition and Results of Operations*".

As an AWP concessionaire, we provide network connection services to AWPs through our information technology platform and collect taxes due to AAMS from AWPs. We do not incur any upfront investment in connection with AWPs as we do not own AWPs. AWPs connect to AAMS's network through a mobile communications network. In addition, each AWP is equipped with a "Smart Card" issued by AAMS, which controls, monitors and transmits information about each AWP to AAMS's network.

BETTING AND ONLINE SERVICES

Betting

We currently hold 185 betting licenses to operate sports and horse betting shops (89), sports betting corners (91) and horse betting corners (5). The 185 betting licenses we currently hold include the 81 betting licenses we were awarded at the beginning of 2013, some of which we intend to roll out within our existing gaming hall network in order to offer our customers a broader gaming offering. See "*—Distribution Network—Gaming halls*". As a concessionaire we are responsible for running and monitoring the betting network, setting the odds, recording the bets, and managing the collection and payment of taxes due to AAMS on all bets. Our current betting licenses will expire in June 2016.

We have a comprehensive betting offering, including horse racing and sports events, such as football and basketball, as well as a wide range of secondary sports, such as tennis and volleyball, and non-sports events such as entertainment, music, culture, and current affairs of national or international importance. We accept a range of different bets, from simple bets on the outcome of a single event to more complex bets on the outcome of a number of different events, as well as live bets, which allows consumers to place bets on an event after the event has started based on constantly changing odds. Bets can be placed in the form of fixed-odds bets or totalizer bets. The range of events on which bets may be placed is defined for all players by AAMS.

Fixed-odds betting is a form of betting in which the bookmaker pays the player, in the event of a win, an amount equal to the bet multiplied by the odds that were fixed at the time the bet was placed. By law, the maximum prize cannot exceed €10,000 for a single sports bet ticket and €50,000 for a multiple sports bet ticket. There is no limit on horse betting. However, we constantly monitor our overall maximum risk of exposure to horse betting in line with our risk management policies. See "*—Risk Management*". The odds offered in fixed-odds betting depend on the nature of the event. We make money when the amounts staked by customers that are retained are greater than our liability to make payments to customers. In fixed-odds betting, we bear the risk of losing the bet. Although the liability to make a payment is in principle unlimited, we are not obliged to accept any bets, and may accept bets only on certain conditions, in order to limit our maximum exposure. See "*—Risk Management—Bet Acceptance Limits*". We believe we offer competitive odds throughout our network as a result of our team of professionals with years of experience in national and international bookmaking.

Totalizer betting is a form of betting in which bets are pooled together before an event and the total pool of bets minus a specified percentage is distributed amongst the winning players. In totalizer betting, we bear no risk, as there is no obligation to make payments greater than the total percentage of money staked by players, and we earn revenues and income from a commission on the volume of bets collected.

In 2012, we paid out as winnings 77.6% of the total bet collected, and we paid approximately 5.3% of the total bet collected as taxes to AAMS. In cases where bets are placed at a betting corner or at a partner betting shop (as opposed to at one of our points of sale or on our website), we also pay the betting corner or betting shop partner, as applicable, a commission, with commissions to betting corners being smaller than commissions to partner betting shops.

Online games

We operate our online gaming business on the basis of a non-exclusive concession for offering skill games, poker, casino games, bingo, sport and horse betting remotely. AAMS generally does not require holders of an online concession to also hold a concession to offer the games at physical sites. Our online gaming concession will expire in May 2021.

Our online gaming concession allows us to offer customers the ability to play a variety of online games and betting directly on our Gamenet.it website. We are in the process of making our online games available on mobile devices, with initial offerings on Android devices followed by Apple devices. Our range of online offerings includes online-only games such as poker, casino, skill and (quick) games, as well as online sports and horse betting, virtual scratch cards and bingo. We have entered into a number of agreements with game suppliers to develop an even broader online gaming platform.

For games and bets placed on the Gamenet.it website, customers have the ability to top-up their online account directly on the website or by visiting one of our points of sale. If a top-up is made at a point of sale that we do not directly manage, such as at a betting corner, we pay a commission to the owner of that point of sale. We have also begun selling pre-paid debit cards and Scratch Cards, which our customers can purchase at one of our points of sale and use to top-up their online accounts. See "*—Marketing and Commercial Planning*".

In online skill games, we act as a host or facilitator for customers who play against one another. In return for facilitating these games, we charge a one-off entrance fee in the case of tournaments and charge a type of commission, in poker known as a "rake", for facilitating the game.

In online betting, customers are able to place bets on the same events and with the same odds, payout and other terms as in other offline locations. We also pay taxes to AAMS at the same rate for online betting as for land-based betting. However, because customers can only place bets on the Gamenet.it website, we do not pay any commissions to third parties, other than those associated with top-ups of online accounts, as discussed above.

OUR DISTRIBUTION NETWORK

We currently have the third largest gaming distribution network in Italy, with approximately 13,000 physical points of sale consisting of 660 gaming halls (37 of which are currently directly owned by us, furthermore in July 2013 we agreed to acquire 63 additional gaming halls), directly owned and partner-managed betting shops (venues dedicated to gaming and betting) and betting corners (venues primarily dedicated to activities other than gaming and betting), bars, tobacco shops and newsstands as well as our website, Gamenet.it. As of December 31, 2012, approximately 43% of our points of sale were located in northern Italy, 32% were located in central Italy and the remaining 25% were located in southern Italy.

Gaming Halls

Overview of gaming halls

Gaming halls are venues offering VLTs, AWPs and betting to our customers as well as food, drink and other entertainment opportunities. Our gaming halls provide our customers with an alternative gaming experience to Italy's four licensed casinos (Venice, Campione d'Italia, Saint-Vincent and Sanremo). Our directly owned (i.e., leased and licensed) gaming halls are strategically located throughout Italy, with approximately 54% located in northern Italy and approximately 34% located in central Italy and approximately 12% located in southern Italy. On average, our gaming halls range in size from 150 to 200 square meters and contain between ten to 20 VLTs and five to ten AWPs.

As of March 31, 2013, our distribution network of gaming halls included 660 gaming halls.

Gaming hall management

Gaming hall management only requires AAMS authorization, and therefore, gaming hall owners (i.e., the party that owns or leases the real estate and holds the required authorizations) generally do not directly bear the risk of a gaming concession expiring. The operation and management of gaming halls, including our leased and licensed gaming halls, is generally delegated, pursuant to contractual arrangements, to third party gaming hall managers ("*Terzo Incaricato alla Raccolta*" or "**TIR**"). TIRs are responsible for the general management and day to day operations of a gaming hall, including personnel and employment matters, food and drink and entertainment as well as other managerial related tasks. As such, TIRs do not directly bear any risks associated with gaming concessions.

We provide our gaming halls with equipment and services specific to VLT, AWP and betting, including, in particular, network connection and IT infrastructure services. TIRs receive variable compensation packages for their services, which are linked to the performance of each gaming hall. This compensation generally represents a portion of our net revenues received from VLTs and AWPs. Therefore, TIRs are incentivized to operate efficient and profitable gaming halls. Generally, Gamenet's contractual relationship with TIRs last one year, enabling Gamenet to replace non-performing managers. For additional information on our relationships with TIRs, see "*—Our Retail Partner Relationships—VLTs*".

Our directly owned gaming halls and Gamenet branded partner gaming halls

In 2012, we acquired the leases and obtained the required authorizations for 37 of the 660 gaming halls in our distribution network. Of the 37 gaming halls that we acquired in 2012, 34 gaming halls are currently active and managed by TIRs as of the date of this offering memorandum. In July 2013, we signed an agreement to acquire 63 additional gaming halls. The acquisition of each gaming hall is subject to obtaining permission from local authorities to transfer the existing authorizations from the seller to Gamenet Entertainment. The purchase price is calculated as a multiple of 2.5 times the EBITDA of each gaming hall for the year ended December 31, 2014, which we expect will not exceed €10.0 million in aggregate. At signing we paid approximately €5.0 million and the remaining portion of the consideration will be paid, in part, at closing and, in part, in 2015.

The following map sets forth the current geographic distribution of our directly owned gaming halls, including the 63 gaming halls we agreed to acquire in July 2013:

Our directly owned gaming halls are all Gamenet branded, equipped with a dedicated top shop range of services for our most demanding clients. Further, we have recently implemented a strategy to increase the level of "Gamenet" branding of all our clients gaming halls in our distribution network. See "*—Branding agreements*".

Branding agreements

At the end of 2012, we introduced a Gamenet branding program through which we develop and distribute tailor made support packages to gaming halls and other retail partners, which include branding of halls, stores and corners, signage, branded VLTs and AWPs and furniture, as well as training and consultancy services on local marketing strategies in order to promote the Gamenet brand and enhance its visibility.

Our Gamenet branding program is aimed at creating a consistent look and feel throughout our network of Gamenet gaming halls and point of sales, strengthening our brand awareness, as well as leveraging and optimizing our sponsorships and other marketing initiatives.

We offer our retail partners three Gamenet branding packages, which can be tailored to their specific needs and allow them to benefit from Gamenet brand recognition. Our basic "Regular" package includes materials for external brand signage (e.g., window decals) and internal visibility (e.g., VLT toppers, totem and leaflets). Our intermediate "Advertising Premium" package includes communication consultancy and materials for both external and internal visibility (e.g., window decals, VLT toppers, seating and jackpot signage). Our high level "Premium Franchising" package includes materials for external signage (illuminated Gamenet brand signage and window decals) and internal signage (e.g., VLT toppers, seating and jackpot signage).

As of the date of this offering memorandum, we are currently negotiating Gamenet branding packages with 52 of our retail partners, of which 43 are considering Regular packages, six are considering Advertising Premium packages and the remaining four are considering Premium Franchising packages. As of the date of this offering memorandum, the launch of our branding agreement packages has not resulted in our having to make significant capital expenditure or incur other significant costs.

Assessment of our performance

We regularly assess and review our performance, with our marketing and sales teams, comprised of approximately 14 people and monitor the performance of our retail partners' and customers' satisfaction levels. Members of our sales team routinely visit and evaluate points of sale within our distribution network for quality control, aiming to optimize our product offerings and increase customer satisfaction. They also select the distribution channels, evaluate new point of sale openings and provide training to retail partners, assuring an on-going dialogue through various communication channels. We also actively help retail partners address issues arising from the introduction of new games, the management of existing games and potential technical issues.

OUR RETAIL PARTNER RELATIONSHIPS

We enter into standardized agreements with our retail partners on an exclusive basis.

VLTs

We enter into standard contracts with the managers of the gaming halls and other permitted points of sale in which our VLTs are located. Pursuant to these contracts, managers are required to maintain equipment, manage the point of sale's daily operations, including all employment matters, and advance winnings below €5,000. In addition, managers are required to ensure that minors do not enter into their venues. Managers are also required to collect and deliver gaming revenues twice a week. All managers must provide us with a banking guarantee or a deposit of €1,500 for each VLT managed, which is based on two days of credit. These contracts generally last for the duration of the concession, but include numerous performance clauses, enabling us to replace non-performing managers quickly and efficiently. We may also terminate these contracts without cause with six months' notice. Pursuant to the terms of our standard contracts, most managers may also terminate these contracts without cause with six months' notice, provided that they shall pay an amount equal to €15,000 for each VLT managed under the contract.

AWPs

We enter into standard contracts to provide network connection services to owners of AWPs who, in turn, position their AWPs in third party points of sale (bars, tobacco shops, newsstands, etc.). AWP owners are required to maintain the AWPs and collect gaming revenues twice a month (save when third party collectors are responsible for the collection of gaming revenues). In addition, pursuant to the terms of our standard contracts most AWP owners must provide us with a banking guarantee or a deposit of €1,500 for each AWP, which is based on two weeks of credit.

We also enter into agreements with the managers/owners of the points of sale (which include, third party operators and subagents) in which our AWPs are located. These owners are required to place AWPs in their point of sale in such a manner that they cannot be tampered with. If the manager/owner of the point of sale is also the owner of the AWP he is required to collect the gaming revenues. In addition, they are required to ensure that minors do not play with the AWPs.

These contracts generally last for the duration of the concession, but include numerous performance clauses, enabling us to end our contractual relationship with non-performing managers/owners quickly and efficiently. We may also terminate these contracts without cause with six months' notice. Pursuant to the terms of our standard contracts, AWP owners and the owners of the points of sale may also terminate these contracts without cause with six months' notice, provided that they shall pay an amount equal to €500 for each AWP within the purpose of the contract for each year, or part of it, remaining to the end of the contract.

Betting

We enter into standard service contracts related to the sale of our products with points of sale. On average, the duration of these contracts mirrors the duration of the concession underlying the relevant product. We can terminate the contracts prior to their expiration for cause, such as fraudulent behavior by the manager or owner of the point of sale, the unauthorized assignment of the contracts, a violation of payment obligations and violations of relevant laws, loss of the license to operate the point of sale as well as failure to achieve contractually agreed sales levels. Furthermore, we generally provide the points of sale with all relevant technological equipment, terminal-related maintenance and support services as well as personal advisory, training, IT and commercial support. Upon the expiration of the contract, the points of sale must return to us the technical equipment provided as well as any documentation received. Generally, the service contracts with the point of sale are on an exclusive basis.

MARKETING AND COMMERCIAL PLANNING

We have a general "Market" function, which is composed of several key sub-units dedicated to marketing and commercial planning, including our marketing business unit, network business unit, VLT business unit, AWP business unit and our commercial planning business unit. Our Market function currently has 39 employees (approximately 21% of our total employees).

Through our Market function, we consistently carry out market research and surveys in order to anticipate market needs and changing consumer behavior to better understand our clients' preferences and our target market. This knowledge allows us to tailor our products and services to better satisfy our customers. This information also helps us to select TIRs for our gaming halls, develop our Gamenet branding program, as well as set jackpot and payout levels with an aim of satisfying our customers, supporting our brand and improving customer loyalty.

We have developed an in-depth knowledge of consumer behavior and have the ability to interpret changing preferences and habits. We have developed different formats for points of sale, each offering a certain suite of games designed to maximize earnings at a given location. For example, medium-to high-income consumers that visit a sports bar are more likely to be interested in placing a bet on a sports event than using a VLT. In contrast, at certain convenience stores such as a tobacco shops, consumers often like to play traditional games or simply bet on AWPs. We tailor the offerings at our various points of sale to maximize their potential earnings. We also use our knowledge of consumers to drive new product development, point of sale management and advertising campaigns to retain existing Gamenet customers and attract new ones. As evidence of our commitment to our customer, supported by our knowledge derived from market research and surveys, we have 62% customer loyalty and greater than an 80% satisfaction ratio from our retail partners.

We integrate our marketing and communication efforts with the requirements of our diversified businesses. We constantly aim to leverage our extensive distribution network to reach a broad customer base. We also routinely use social media marketing and participate in gaming industry events and fairs to reach a broad customer base. In addition, in order to strengthen our brand awareness, we have sponsored professional soccer teams, including U.C. Sampdoria and Pescara Calcio and a professional basketball team, Virtus Roma. We currently continue to sponsor U.S. Sampdoria and Virtus Roma. Our sponsorship activities cost approximately €1.6 million for the year ended December 31, 2012. See "*Management's discussion and analysis of financial condition and results of operations*".

We offer innovative Gamenet branded products to our customers to strengthen brand awareness and create cross selling opportunities across our businesses. For example, in an effort to simplify access to and promote our online platform, we offer clients at our gaming halls and betting shops Gamenet branded pre-paid debit cards, which they can top-up and use to pay for games, as well as withdraw their winnings at our land-based points of sale and on our online platform.

We also support our online platform by promoting the use of scratch cards, which our customers may purchase at one of our physical points of sale to deposit funds into their online accounts that they can use to play games.

Our VLT business unit is responsible for managing our comprehensive approach to new retail site selection, using both quantitative and qualitative considerations and inputs. Once a site has been requested, the geo mapping office of the VLT business unit conducts a screening and analysis of the potential site through a six step process:

➤ Step 1—analysis of Gamenet gaming halls in close proximity and their profitability;

➤ Step 2—analysis of competitor gaming halls in close proximity and their profitability;

➤ Step 3—screening of population densities of requested location according to specific internal criteria;

➤ Step 4—evaluating qualitative input from sales force;

➤ Step 5—relationship management and credit risk management controls; and

➤ Step 6—final recommendation to the Head of the VLT business unit.

If the geo mapping office's recommendations are accepted, the requested site will go through a series of additional controls and approvals before contracts are prepared and signed.

SUPPLIERS

We have established relationships with numerous business partners, including those for the provision of terminals and other hardware, software, gaming materials, logistics services, call center services, marketing and market research. As part of our quality management system we carry out an evaluation and accreditation screening process for all our business partners who supply materials and/or services. In addition to the specific commercial terms in our contracts, our business partners also commit to comply with the regulations and principles contained in our code of conduct and ethics.

Among our key suppliers of products and services relating to AWPs and VLTs are Spielo International Italy S.R.L., Spielo International Canada ULC, Nazionale Elettronica S.R.L. and Adria Gaming International S.p.A. Suppliers such as Fastweb S.p.A., Telecom Italia S.p.A. and BT Italia S.p.A. support both our online and point of sale based product offerings by providing telecommunication services, internet connectivity and software.

INFORMATION TECHNOLOGY

Our strong and comprehensive product offer is underpinned by our leading ICT platform. We have invested significant resources in developing in-house integrated IT systems, and in 2010 we received the "ICT Innovation" award at the SMAU Business in Rome for the quality and reliability of our IT platform developed to support the roll out of our VLT network.

Our information technology is generally developed and managed in-house by a team of 61 employees (approximately 33% of our total employees) in our IT and Operations department, who also receive external support from manufacturers and suppliers, often under support agreements tailored to our specific needs. We operate more than 250 servers through 40 racks, built on CISCO/UCS and NetApp Storage Hypervisor VMWare management systems. Through our integrated IT system, we manage approximately six billion transactions per year and a cash flow of approximately €6.4 billion per year.

Game platforms are subject to certification by third party registered providers authorized by AAMS. Certification must be issued when a new games platform is launched and renewed annually. Players can view our legal compliance certificates, as well as information on the security and functionality of online gaming applications, on the Gamenet.it website.

We have adopted security protocols for software and data, and our online gaming IT infrastructure has multiple built-in redundancies and back up systems in order to ensure high levels of reliability. We also have disaster recovery operations in place 24 hours a day, seven days a week. Support and upgrades are handled by a dedicated in-house IT team and by a network of specialist and certified external partners.

We currently have agreements in place with leading providers of online technology and associated services to provide us with market leading technology and gaming content. This allows our customers to use a wide variety of payment methods and credit cards, while also allowing the delivery of up-to-date game content and branded games. We also employ a credit risk management system, which allows us to manage the database of both our past and present customers, as well as add new customers to the sites.

We own the hardware that comprises our IT systems. The primary components of our information technology system include the following:

➤ ***AWP and VLT systems:*** Our gaming machines connect to AAMS's network and collect data related to the games managed by them. The data collected is sent to AAMS's systems for further processing and analysis. AAMS's systems may query the machines through our IT system. AWPs connect to AAMS's network via a smart card (issued by AAMS) which transmits data to our servers through an AAMS certified router, which is then transmitted from our servers directly to the servers of SOGEI, a company owned by the Italian Ministry of Economy and Finance that is generally responsible for the operation of the tax IT system. VLTs, on the other hand, are continuously connected to AAMS's network and share data in real time, allowing AAMS/SOGEI to constantly record, monitor, control and certify all data transmitted by a VLTs. Additionally, we remotely control all of our VLTs through our IT system. We also operate fully equipped maintenance facilities for the overhaul of our terminals and AWPs.

- ***Websites:*** Gamenetspa.it is the information portal which gives access to the group's main websites. Gamenet.it is dedicated to Gamenet's online games. Our online platforms (including the accounts and integration platform and the gaming platform) are certified by Quinel, a company authorized by AAMS.
- ***Betting risk management system:*** Our betting risk management system provides real-time information on estimated liabilities on an event-by-event basis. All bets collected online, together with the majority of bets collected at our betting shops and corners and referrals and notifications from all betting shops and corners, are entered into a consolidated field book that provides a real-time overview of our estimated liabilities.

We maintain a management system, which is certificated in accordance with ISO 9001:2008 for, among other things, the remote collection and operational management of online games and services data, software design and development, distribution of material and equipment to points of sale and technical support for equipment at points of sale.

Our IT systems are routinely inspected by AAMS and are connected in real time to the central system and the central gaming accounts database of SOGEI.

As of December 31, 2012, our approximately 13,000 points of sale were connected to our data centers through 32,000 General Packet Radio Service (GPRS) routers with dedicated APNs, 15,000 of which were equipped with global positioning capabilities and manage more than eight million transactions every day and as many as 2,000 connections every second.

We have three proprietary, high availability data centers. Our primary operative data center is located in Valle d'Aosta and our secondary operative data center is located in Veneto. Our back office data center is located in Lazio. Our back office data center also acts as a site for bench testing with all proposed changes to the systems thoroughly tested to avoid interruptions in service. Fully documented and tested disaster recovery plans are in place with a focus on business continuity. All the above arrangements are inspected regularly. We monitor and update our information technology system in order to promote high standards of reliability, business continuity, performance and scalability.

Because we provide network connection services and are responsible for maintaining the flow of information to AAMS and the Italian tax authorities, our high availability data centers are supported by a sophisticated telecommunications network. Both of our data centers are connected through a managed communications network, which incorporates Multi-Protocol Label Switching ("MPLS"), allowing information to be sent and received by each of our data centers. Every single connection point is connected to an MPLS through two links, a primary link and a backup link, allowing greater management of the flow of information we are required to manage. In addition, each of our data centers are connected to the communications network through a primary adsl connection as well as a secondary (back-up) cellular (UMTS) connection providing our network with constant connectivity.

RISK MANAGEMENT

Risk management is important to our businesses. We manage credit risk through our credit risk department, which employed 15 employees, corresponding to approximately 9% of our total workforce as of March 31, 2013. Our credit risk team is fully separated from our commercial functions and directly reports to our CFO. Since 2010, we have continued to strengthen our credit risk management through the improvement of our credit collection capabilities, which consist primarily of (i) credit scoring and monitoring, (ii) credit collection, (iii) enforcement of past-due receivables and (iv) the management of guarantees. We also support our credit risk management with information provided by Lince/Cerved one of the most respected European credit rating agencies registered with CONSOB.

As a concessionaire, we are the only party that is directly liable to the Republic of Italy for all taxes due from the operation of our gaming activities. As a result, our credit risk management team focuses extensively on managing the guarantees that our retail partners are required to provide us in connection with our relationships.

As a result of our continued focus on credit risk management, our trade receivables net of provision from doubtful accounts decreased from €65.9 million as of December 31, 2011 to €57.3 million as of December 31, 2012 and €52.6 million as of March 31, 2013, or from 10.4% of our total revenues and income for the year ended December 31, 2011 to 8.8% and 8.2% of our total revenues and income for the year ended December 31, 2012 and the twelve months ended March 31, 2013, respectively, despite an increase of 1.7% in total revenues and income.

VLTs and AWPs

The Group is exposed to credit risk, mainly in relation to trading transactions. We have adopted risk management procedures in order to both reduce and monitor credit risk. We are responsible for collecting and transferring to AAMS the PREU due on the bet generated by our gaming machines (VLTs and AWPs). In carrying out this responsibility, we enter into agreements with third party managers. See "*—Our Retail Partner Relationships*". Pursuant to these agreements, many third parties in our distribution network are responsible for, among other things, collecting cash from our gaming machines (VLTs and AWPs) and transferring these payments to us, net of their commission. Most of such cash collections are transferred to us through our IT system that automatically credits our accounts. Such procedures allow us to promptly react to any failure to meet a payment deadline. As part of our risk management system, every customer, prior to the start of the business relationship, is assessed on the basis of a quantitative and qualitative evaluation which also takes into account its economic and financial information. This analysis is also carried out on the basis of information obtained from Lince/Cerved. If the potential customer passes this screening phase, we proceed with the signing of the contracts, and with the simultaneous request for a guarantee (sureties or security deposits) equal to an amount varying according to the volumes that are expected to be generated. The credit recovery procedure requires that the collector at the expiration date of the reporting / invoicing performs all actions necessary to recover the amounts due from customers. The first action to be performed is a phone call as a reminder of the amount due together with sending of a written communication requesting to settle the amounts. In the absence of a prompt response from the customer, a formal legal telegram or e-mail is sent with a notice to block the devices pursuant to a request from the credit manager to the technical area. The devices are blocked as long as the customer does not fulfill the payment or provides alternative solutions. Otherwise a request to remove the machines is sent to AAMS, and the guarantees issued by the customer are executed.

Betting

A bookmaker's odds are determined so as to provide an average return to the bookmaker over a large number of events. Therefore, over the long term, the amount staked and won by customers remains reasonably constant; however, there is an inherent level of variation by event and by day. There is no certainty of generating a positive return and from time to time we experience significant wins or losses with respect to individual events or betting outcomes.

The risk of incurring daily losses is significantly reduced by the averaging effect of taking a large number of individual bets over a considerable number of events. In addition, given our distribution network throughout Italy, and that the vast majority of sports bets are on football events, the risk of adverse outcomes on single events (i.e., football games) is mitigated by the tendency of customers to bet on the team they support which are typically the teams located in their area. Because our distribution network allows us to collect bets in both areas as well as online, we are able to naturally balance the volume of bets collected on many football games during the Italian football season.

Odds Compilation

We employ an experienced team of odds compilers and bookmaking risk managers. Initial odds are compiled from the mathematical chance of an outcome based on previous results and then adjusted for any market information. For horse racing and sports events, the odds are compiled by specific individuals within the team with in-depth knowledge of the sport. The process also uses information from consultants, sports websites, news gathering agencies and other betting markets. Once odds are compiled and published, real-time risk management processes are applied to monitor and adjust the total level of risk on each event.

Bet Acceptance Limits

Under the applicable laws of Italy we are not permitted to hedge bets to reduce risk. However, we are under no obligation to accept any bet, and where a bet is considered undesirable, it may be refused or only accepted in part, with or without adjusted odds. We constantly monitor our overall maximum risk of exposure and seek to limit our total exposure by setting limits on stake value and potential liability at which bets must be notified (that is, reported after acceptance). Referred bets are accepted only after management approval, based on the latest information about the event, potential liability and the customer's historical betting pattern with us (if any). These pre-set liability limits are programmed into our terminals to avoid operator mistakes. Our online offering operates in a similar way with retail partners referring bets to risk managers above a set limit for the event or customer. The online sports betting systems contains an automatic procedure whereby liability limits are pre-set by management on individual events for customers generally and, if appropriate, for specific customers. Generally, the maximum bet for a single sports bet ticket cannot exceed €10,000 and €50,000 for a multiple sports bet ticket. There is no limit on horse betting.

Online Offerings

We have systems and controls in place that seek to ensure that we offer online gaming products only to customers located in Italy. The systems and controls include monitoring and analyzing information provided by potential customers' registered addresses (in order to access our website each customer must have an Italian fiscal code and an Italian address) and customers' payment methods, as well as a geo-locator filtering technology that identifies the location of each user trying to log onto our website. We do not currently accept bets or wagers from customers that we determine are located outside of Italy.

RESPONSIBLE GAMING

Responsible gaming is an on-going commitment, and we strive to design and provide safe, legal, and balanced forms of entertainment. Some of the key elements of our commitment include: the protection of children and specific measures to prevent underage play; responsible marketing, geared towards promoting a responsible gaming model with the aim of providing the recipients with clear and comprehensive information so that they can make an informed choice with due care and responsibility; and the prevention of forms of excessive gaming for players.

In line with these objectives, we have established a Responsible Gaming Programme, which is updated each year and is channeled and monitored through on-going dialogue with, among others, employees, AAMS, consumer organizations and research and statistical institutes. We also submit our Responsible Gaming Programme for evaluation by accredited third parties. We continue to hold these certifications.

INTELLECTUAL PROPERTY AND INNOVATION

We have a number of brands, logos, websites and other intellectual property which we seek to protect from third party infringement through the registration of trademarks and through certain other means of trade secret protection, including licenses, confidentiality and non-disclosure agreements as well as through other contractual provisions. We believe the strength of each of these brands, and the protection of the associated intellectual property, is an important factor in the success of our business.

PROPERTIES

We lease our primary executive office, which is located at Corso d'Italia 6, Rome, Italy. We moved to this central and prestigious location in 2012 to facilitate our relationship with clients and institutions and provide a more satisfactory working environment for our employees. Furthermore, the size of the new location has enabled us to centralize all of our activities in one building.

In addition, we lease an office in Milan used for commercial purposes. Furthermore, as of March 31, 2013, we leased the venues and obtained the required authorizations for 37 gaming halls. In addition, in July 2013, we acquired the leases for 63 additional gaming halls and are in the process of obtaining the required authorizations for those gaming halls. We believe that our facilities meet our present needs and that our properties are generally well maintained and suitable for their intended use. We believe that we have sufficient capacity to satisfy the demand for our services in the foreseeable future. We continuously evaluate the composition of our portfolio of properties in light of current and expected market conditions and demand.

INSURANCE

We face risks of accident in our operations, including risk of fire and risks related to third party claims. We maintain comprehensive insurance policies with respect to, among other things, property damage and theft and robbery of electronic equipment. We believe that our insurance coverage is in accordance with that of other similar companies and is adequate for our needs.

EMPLOYEES

The following table shows the average number of our employees as of the periods indicated.

	As of December 31,		As of March 31,
	2011	2012	2013
Top/Mid-Level Managers	27	42	45
Others	103	125	136
Total	**130**[(1)]	**167**[(1)]	**181**

(1) For additional information on our employees, see Note 5 to the Audited Consolidated Financial Statements located elsewhere in this offering memorandum.

All our employees are located in Italy and are subject to a national collective bargaining agreement for the services industry which will expire at the end of December 2013, with respect to economic terms of employment. Additionally, our managers are subject to a national bargaining agreement for managers of the services industry which will expire at the end of December 2013, with respect to economic terms of employment, and which will not remain in effect until a new agreement is signed. Specifically, these collective bargaining agreements regulate regular and additional salaries, working hours and termination rights.

In line with our growth strategy, and primarily due to our VLT roll out, the number of our employees increased from 102 in 2010 to 181 as of March 31, 2013. The average age of our employees is 39 and the gender makeup of our employees is 58% male and 42% female. In addition, 54% of our employees possess a university equivalent degree.

All employees have an annual bonus scheme based on the Company's performance and on individual targets. In 2012, our investment in the annual bonus scheme had a cost of €797.6 thousand, reflecting the results of our appraisals of our managers under specific budget and performance criteria. The bonus awarded in 2012 represented 8.1% of our total employee costs.

Over the past two years, we have hired an entirely new management team, charged with the skills and expertise to drive and support our growth. Our fully renewed management team is young, well balanced in terms of experience and highly educated. In addition, our management team believes in the importance of maintaining an encouraging and satisfying corporate culture, which includes involving employees at all levels of decision making through a "Management by Objectives (MBO)" initiative. We also recently moved into a new head office, which provides greater safety, space and amenities for our employees. During the last two years, we have not experienced any strikes or work outages. In addition, none of our employees are members of labor unions.

LEGAL PROCEEDINGS

We are subject to various legal proceedings. On the basis of current information, we do not expect that the actual claims, lawsuits and other proceedings to which we are subject, or potential claims, lawsuits and other proceedings relating to matters of which we are aware, will ultimately have a material adverse effect on our results of operations, financial condition or liquidity. However, given the large or indeterminate amounts sought in certain of these actions, and the inherent unpredictability of litigation, it is possible that an adverse outcome in certain matters could, from time to time, have a material adverse effect on our results of operations or cash flows in particular periods. See "*Risk Factors—Risks Related to our Business—We may be subject to an unfavorable outcome with respect to pending litigation, which could result in substantial damages or penalties and have a material adverse effect on our business, financial condition and results of operations*".

We believe that we have fully complied with all our contractual and legal obligations or have viable defenses, including that any non-compliance was due to circumstances out of our control, and we intend to continue to defend vigorously the below claims. We have not set aside any fund or reserve in the financial statements in respect of these proceedings.

Audit Investigation and AAMS Proceeding Concerning the Set-up and Operation of a Slot Machine Network

On June 8, 2007, the Public Prosecutor of the Department of the State Auditor (*Corte dei Conti*) (the "**Public Prosecutor**"), commenced proceedings against Gamenet S.p.A. and the other nine gaming machine concessionaires (together, the "**Concessionaires**") in relation to an alleged failure by the Concessionaires to comply with (a) certain of their obligations arising from their role as authorized network operators of slot machines in Italy (specifically, the complaint alleged (i) delay in the launch of the online network; (ii) delay in the activation of the network; and (iii) delay in the connection of the gaming machines to the online network); and (b) certain minimum service levels relating to the operation of gaming machines (specifically, the complaint alleged a delay in network response to requests by AAMS of gaming volumes). The Public Prosecutor claimed damages for the Italian treasury for the alleged violations. The Public Prosecutor initiated similar proceedings against AAMS alleging that AAMS had been negligent in not pursuing the remedies provided for by the concession agreements in relation to the alleged violations. As a response, AAMS brought the same four claims as the Public Prosecutor against the Concessionaires, which we and the other Concessionaires subsequently challenged before the Administrative Court for the Region of Lazio (the "**TAR**") and the Supreme Administrative Court (the "***Consiglio di Stato***").

Department of the State Auditor (Corte dei Conti) Proceedings

In its initial pleadings of June 8, 2007, the Public Prosecutor quantified Gamenet's responsibility for the alleged violations at €2,065 billion. Following a challenge by Gamenet and the other Concessionaires, Italy's civil highest court, the Supreme Court (*Corte di Cassazione*), held on December 4, 2009 that the Department of the State Auditor had jurisdiction to decide the claim brought by the Public Prosecutor. On November 17, 2010, the Department of the State Auditor decided: (a) that the compensation for damages (if any) to be paid by the Concessionaires to the Italian treasury must not be a mere duplication of the penalties claimed by AAMS for the same alleged violations by the Concessionaires, as damages payable to the Department of State Auditors should only compensate the Treasury for its lost incomes or costs, while the penalties requested by AAMS were aimed at indemnifying AAMS pursuant to its purported contractual rights under the concessions; (b) to appoint Digit PA as consultant for the plaintiff to prepare a report outlining, among other things, whether the Concessionaires were entirely responsible for the alleged economic damage to the Italian treasury or whether other third parties were also responsible; and (c) the methods used by the Public Prosecutor to determine the amount of damages of €2,065 billion were incorrect and the Public Prosecutor should undertake further investigations to determine the amount of lost income to the Italian treasury from the alleged conduct of Gamenet and the other Concessionaires. In addition, the Department of the State Auditor ordered that SOGEI, the governmental entity that was responsible for the design and implementation of the slot machine network, be joined as a party to the Department of the State Auditor proceedings. Following the delivery of Digit PA's report in September 2011, the Department of the State Auditor issued a decision on February 17, 2012 affirming the merit of the claims brought by the Public Prosecutor against Gamenet and the other Concessionaires and ordering all Concessionaires to make a total payment of €2.5 billion. The Department of the State Auditor quantified Gamenet's responsibility at €235 million.

In May 2012, Gamenet filed an appeal on a number of grounds, where Gamenet requested (i) the nullity of the judgment; (ii) request for a declaration of lack of jurisdiction for the Department of the State Auditor; (iii) request for declaration that the request for reimbursement against SOGEI is not subject to lapse of time; and (iv) the application of the criterion of *compensatio lucri cum damno* and the recalculation of the amount of in accordance with the methods of calculation derived in the same appeal.

As a matter of law, by filing an appeal, Gamenet suspended the execution of the decision until the appeal is resolved. The same court ruling was also appealed by the Public Prosecutor and the other Concessionaires. In particular, with its separate appeal, the Public Prosecutor asked the Central Department of the State Auditor to increase the amount of the compensation due by the Concessionaires by up to 50% of the amount calculated in the court's initial ruling, requesting a further payment of €117.5 million by Gamenet as a consequence of the lost income of the Treasury.

The first hearing for our appeal has not yet been scheduled by the Department of the State Auditor.

AAMS Proceedings

Claims Regarding Delay in Launch, Activation and Connection of Gaming Machines to the Network

On June 22, 2007, as a consequence of the proceedings brought by the Public Prosecutor and on the basis of the same claims, AAMS officials sought payment from Gamenet of another €85,522 in penalties in addition to those penalties claimed by the Public Prosecutor. Gamenet together with the other Concessionaires challenged AAMS's, claims before the TAR. On March 31, 2008, the TAR invalidated the penalties on the grounds that AAMS had violated the principle of proportionality of sanctions and improperly calculated the amount of penalties due. AAMS has not appealed this ruling, and the time to bring an appeal has since lapsed.

On March 13, 2008, following a political debate on the need to revise the penalty system set forth in AAMS concession agreements, AAMS and the Concessionaires entered into a supplemental deed to the existing 2004 concession. In line with an opinion of the Consiglio di Stato which had required AAMS to redefine the service standards and applicable penalties in accordance with the principles of fairness, impartiality and economic feasibility, the supplemental deed, which applies retroactively, reduced the standard of services required from the operators, concurrently reducing the penalties applicable in a case of failure to comply with the service standards.

Subsequently, on May 23, 2008, AAMS initiated formal administrative proceedings against Gamenet and the other Concessionaires on the basis of three of the original claims brought by the Public Prosecutor (i.e., (i) delay in the launch of the online network; (ii) delay in the activation of the network; and (iii) delay in the connection of the gaming machines to the online network). In the proceedings, AAMS had recalculated the penalties due for the three alleged violations on the basis of the terms of the amended 2004 concessions, alleging aggregate penalties of approximately €284,043, instead of the approximately €2 million calculated by the Department of the State Auditor for the same three violations. Gamenet challenged this claim, and on November 26, 2009, the TAR ruled in favor of AAMS, confirming its claim for approximately €284,043. Gamenet appealed this ruling and, on June 6, 2011, the Consiglio di Stato vacated the three alleged violations as well as the related penalties of approximately €284,043. Specifically, the Consiglio di Stato held that the online network was a new and innovative system and therefore required a testing period. The Consiglio di Stato further held that it was during this testing period that unforeseen technical and administrative difficulties arose, thus affirming, among other things, the absence of negligence on behalf of Gamenet as well as the absence of any evidence of actual damage suffered by AAMS. The statutory period to file an appeal against the ruling of the Consiglio di Stato has since lapsed and AAMS can no longer appeal this ruling.

Claims Regarding Breach of Minimum Service Levels

The proceedings brought by AAMS on May 27, 2008 for the alleged breach of certain service levels required for the slot machines network (i.e., delay in network responses to AAMS interrogations on gaming volumes) are still pending. AAMS has appointed a technical commission in order to identify the criteria to determine, among other things, the size of the penalty for this alleged fourth violation. In July 2009, the technical commission issued a report stating, among other things, that in the event that AAMS should impose a penalty on the Concessionaires, the amount should not exceed 10% of their annual revenue from providing network connection services. The commission's report further stated that the annual revenue of the Concessionaires should be considered to be around 0.3% of the "coin in" (amounts wagered). Subsequently, the Consiglio di Stato issued a statement to the effect that if the penalties were imposed on the Concessionaires, the amount should not exceed 11% of their annual revenue from providing network connection services, which is considered to amount on average to approximately 0.25% and 1.2% of "coin in". In October 2010, Gamenet and the other Concessionaires entered into a further amendment to the concessions originally granted in 2004. Pursuant to the amendment, the penalties imposed as a consequence of violations of the concession shall not exceed 11% of a concessionaire's actual compensation.

On January 27, 2012, AAMS calculated the penalty for Gamenet's alleged breach of certain service levels to amount to approximately €6.5 million. In April 2012, Gamenet filed its appeal against the determination of on the basis of the following grounds: (i) infringement and misapplication of art. 27 of the Convention, Articles 1218 and 1375 of the Italian Civil Code and the principles of due process; (ii) infringement and misapplication of the principles of reasonableness; (iii) violation of technical regulations determined by the committee Oriani-Monorchio; (iv) infringement and misapplication of Articles 3 and 6 of Law 241/1990; (v) request for an injunction with regard to the size of the disbursement required to significantly affect the performance of the business dynamics and therefore of the public service, and the nonexistence of injury to AAMS due to the deferral of the collection of penalty outcome of these proceedings, taking into account also the time it takes for it to impose the aforementioned penalty. Following a hearing on May 9, 2012, the TAR suspended the fourth penalty as a matter of law pending a determination by the court on the merits of the case. The hearing to consider the merits of the case was held on February 20, 2013. On June 17, 2013, the TAR filed its ruling in our favor and removed the penalty. Nevertheless, AAMs could still appeal the TAR's ruling before the Consiglio di Stato.

SOCEFIN S.R.L. AND MI.VA S.R.L. PROCEEDINGS

On July 23, 2009 and January 29, 2010 we signed a preliminary quota purchase agreement (the "***preliminary purchase agreement***") with, respectively, Socefin S.r.l. and MI.VA S.r.l. for the acquisition of the capital of Vesa Costruzioni S.r.l.. The preliminary purchase agreement was conditional upon, among the others: (i) the granting of a mortgage from UniCredit Banking S.p.A. in favor of Vesa Costruzioni S.r.l. for a total amount of approximately €3.1 million; (ii) the filing with the competent authorities of the certificate of occupancy for a real estate held in Via Monte Carmelo 3, Rome (the "***real estate***"); and (iii) the absence, at the date of the signing of the final purchase agreement, of any encumbrances on the capital of Vesa Costruzioni S.r.l. and on the real estate. In addition Gamenet paid €600,000 as deposit amount.

Due to the failure to meet the conditions precedent set forth in the preliminary purchase agreement, we requested the termination of the agreement and the payback of the deposit. On August 6, 2012, Socefin S.r.l. and MI.VA S.r.l. commenced proceedings against Gamenet S.p.A. in relation to the alleged failure by Gamenet S.p.A. to sign the final purchase agreement and claimed damages of approximately €3.9 million. On December 19, 2012, we challenged the suit before the Civil Court of Rome and filed a counterclaim whereby we opposed the request of damages and requested the payback of the deposit. The proceeding is currently under the preliminary review by the Court.

Regulation

The following paragraphs provide a brief description of the main European and Italian regulations that govern the activities of the Group. References to and discussions of treaties, laws, regulations and other administrative and regulatory documents are entirely qualified by the full text of such treaties, laws, regulations and other administrative and regulatory documents themselves.

Regulation of Gaming Activities

The Italian legal framework regulating the gaming market is complex and is aimed at striking a balance between compliance with principles and general guidelines established at an EU level (in particular the principles of freedom of establishment (Article 49 TFEU) and freedom to provide services (Article 56 TFEU)), and the protection of the Italian treasury's financial interest and the maintenance of public order.

The Competent Authority in the Area of Public Gaming

The Italian state has a monopoly on the right to organize and run gaming, betting and sports pools, for which there is any kind of prize and for which payment of a sum of money is required to participate. The Italian Ministry of Economy and Finance (the "**MEF**") can manage these activities either directly or through third-party regulators.

The management of gaming, betting and sports pools, including the management of the applicable taxes (other than direct taxes and VAT), is carried out by the *Agenzia delle Dogane e dei Monopoli,* formerly the *Amministrazione Autonoma dei Monopoli di Stato* (the "**AAMS**"), which is an agency established by the MEF. AAMS regulates, *inter alia*, (i) the specific games and bets which may be offered in the Italian gaming market, (ii) the minimum and maximum wagers that may be charged by operators, (iii) the payout ratio of winnings, (iv) the compensation paid to concessionaires and (v) the number of points of sale.

Conditions to Carry Out a Gaming Activity

Anyone intending to carry out a gaming activity is required by Italian law to obtain the following:

(a) a concession awarded by AAMS in compliance with European community and Italian national public procurement rules; and

(b) a police license to run the betting, gaming machines and bingo activities in each single point of sale, which is granted in accordance with Royal Decree No. 773 of June 18, 1931, approving the consolidated text of public safety laws as amended (*Testo unico delle leggi di pubblica sicurezza,* the "**TULPS**") which may be granted only to concessionaires or to those authorized by the Government ministries or authorities that are entitled by law to organize and manage betting, and/or to persons or entities appointed by the concessionaire or authorized holder based on the concession or authorization.

Additional permits (such as authorizations and *nihil obstat*) may be required according to specific legal provisions and AAMS regulations (collectively referred to as "**required authorizations**" in this offering memorandum).

The concessions are awarded by AAMS by public tender, through which the concessionaires are selected. The concessionaires and AAMS enter into a concession agreement, the terms of which are set by AAMS and cannot be negotiated. The concession agreement regulates, amongst other things, the permitted activities under the concession, the concessionaire's obligations toward AAMS, the duration of the concession and the concession fee, the conditions for assignment of the concession to third parties, the testing of the technical equipment necessary to carry out the gaming activity that is covered by the concession, the form and the amount of guarantees to be granted by the concessionaire in favor of AAMS, the conditions for revocation or early termination of the concession by AAMS and the penalties for failure of the concessionaire to comply with its obligations under the concession agreement.

A police license is granted by location, is personal and subject to revocation or suspension in cases of violations committed by the authorized person. Persons who have a criminal record or who are unable to demonstrate good character cannot obtain a police license. Additionally, police licenses can be revoked if the authorized person subsequently fails to satisfy the application criteria. Police licenses may impose special conditions, based on location, to protect the public interest. Once the police license has been granted, the licensee must ensure at all times that police have unrestricted access to the premises on which the activity subject to the authorization is exercised.

Carrying out gaming activities without fulfilling the relevant licensing requirements is a criminal offense. However, a concessionaire may assign the activity of collecting and accepting horse and sports bets to third parties, in compliance with the TULPS and the concessions. For example, we rely on this assignment system in relation to the operation of its horse and sport betting corners.

Regulatory Framework Relating to the Concessions Held by Gamenet

VLTs and AWPs

We operate our VLTs and AWPs under the same concession agreement which was executed by Gamenet S.p.A. and AAMS on March 20, 2013 and will expire on March 20, 2022.

VLTs

Article 12, paragraph 1, letter l, of Law Decree No. 39 of April 28, 2009 (concerning state of emergency measures in the Abruzzo Region following the recent earthquake) (the "**Abruzzo Decree**"), allowed AAMS to implement the testing and operation of gaming systems consisting of (i) the remote control of the game by means of VLTs in dedicated premises, (ii) remote and random winning combinations and (iii) the restitution of a minimum payout of 85% of the collected sums. To implement VLTs, AAMS was delegated powers to define, amongst other things, the rules of the games, the procedures, requirements and authorization required for the installation of the VLTs and the taxation rates on collected sums.

Pursuant to Article 21, paragraph 7, of Law Decree No. 78/2009 (superseded by Law No. 102/2009), AAMS called a public tender for the award of concessions to act as a network system operator for, *inter alia*, AWPs and VLTs. A total of twelve concessions were awarded the rights to install and operate VLTs in Italy as of 2013.

Since February 2010, AAMS Decree No. 43593 of 22 January 2010 provides the legal framework applicable to VLTs. Pursuant to the decree, VLTs and related gaming systems must be connected to a control system and control network which is operated by an authorized network system operator. The games played on the VLTs must be capable of remote monitoring for regulatory and tax purposes. The AAMS decree also sets forth requirements for the testing and commissioning of gaming systems, the operating parameters for the games and a timetable for the introduction of VLTs into the Italian market.

The minimum and maximum costs per individual game are set at €0.5 and €10.0, respectively. Payment for games may be made by coin, tickets, pre-paid credit cards, "smart" cards in respect of registered gaming accounts or the reinvestment of previous winnings. The decree sets the maximum payout for VLT games at €5,000 per game; however, this amount is higher in the case of jackpots which are set at a maximum payout of €100,000 per gaming room and at €500,000 per gaming system. Pursuant to the decree, no less than 85% of bet must be paid to players, and up to a maximum of 4% of payout can be paid to players in the case of jackpots.

Pursuant to AAMS Decree No. 30011 of July 27, 2011, VLTs can only be installed in bingo halls, betting agencies during sports events, agencies for totalizer and fixed-odds betting on horse races, in gaming shops with the primary business activity of marketing public gaming products, public gaming rooms specifically established for the conduct of lawful gaming that provide a separate area for games reserved for underage players, and establishments dedicated exclusively to VLTs and AWPs. VLTs can be installed in these premises only on the condition that the premises hold the specific gaming license in accordance with the Italian regulatory framework. The decree provides that the maximum number of video VLTs that can be installed and operated on any of these premises must be limited by reference to a proportion of the premises' surface area and/or to the total number of slot or other betting machines hosted.

The (*prelievo erariale unico*, "**PREU**") tax levied on the amount wagered on VLTs was set at 4% in 2012 and 5% from 2013 onwards, plus an additional 6% on the quota of winnings exceeding €500. The application of the additional 6% of PREU tax was temporarily suspended by a preliminary injunction of the Administrative Regional Court of Lazio, dated January 26, 2012, and is still pending. See "*Business—Legal Proceedings*". In addition, as is the case for AWPs, each concessionaire pays a separate fee to AAMS in the amount of 0.3% of bet and remits a 0.5% deposit that is returned upon satisfaction of certain conditions. See also "*Regulation—AWP concession fee and concessionaire remuneration*".

We pay the PREU taxes due on our VLTs on a bi-monthly basis. In each bi-monthly period, we make three PREU installment payments calculated on the basis of the actual PREU we paid in the prior period. The fourth and final payment of PREU in the bi-monthly cycle is equal to the difference between the actual PREU due for the period and the amount of PREU paid in the three preceding installments.

AWPs

We hold one of the twelve concessions for the operation of the network for the remote management of legal games by means of AWPs, regulated by TULPS, as well as related activities and functions.

Only machines equipped with a certification of compliance with the applicable provisions issued by AAMS and which are connected to AAMS network are allowed to be operated in Italy. To comply with AAMS requirements, AWPs must be equipped with an element of chance (i.e., random or dependent on chance or luck) as well as a skill element that allow the consumer to choose a gaming strategy, by selecting their preferred gaming option at the start of or during the game. Applicable law requires that the cost of the game does not exceed €1 and that the minimum duration of any game is four seconds. Monetary winnings must not exceed €100 in any one play. The machine must calculate the winnings in an unpredictable way over a cycle of a maximum of 140,000 games. Starting from 2013, the payout ratio must not fall below 74% of bet compared to 75% of bet in 2012.

AWPs, like other betting and gaming activities in Italy, may only be played by adults over the age of 18 and the shopkeeper or manager of the point of sale can be subject to administrative sanctions in case of a violation of the age restriction.

Legal Framework Governing the AWPs Network

Law No. 289 of December 27, 2002, as subsequently amended by Law Decree No. 223 of July 4, 2006 (superseded by Law No. 248/2006) (the "**Bersani Decree**"), allowed for the introduction of new AWPs, by regulating the following:

Nihil obstat

In order to operate an AWP in Italy a manufacturer or importer of the machines must obtain the following licenses from AAMS:

(a) a certification of compliance with technical and electronic systems of identification and control of AWPs in accordance with the requirements set forth by AAMS for each type of AWP that the manufacturer intends to manufacture or import. This is to ensure that the machines can be controlled remotely, regardless of location or barriers between the regulator receiving and reviewing the data and the machine; and

(b) *nihil obstat* for the machines to be distributed, each of which is to be identified by a serial number, upon self-certification that the machines comply with the model specifications certified by AAMS.

The manager of machines produced or imported after January 1, 2003, must obtain a further *nihil obstat* by indicating the serial number of each machine as well as the details of the relevant authorizations of the importer or manufacturer. A pre-condition for the issuance of such additional *nihil obstat* is the possession of a valid police license provided by TULPS.

The AWP network

Each concessionaire is required to ensure that its AWP network complies with the law and must immediately communicate to AAMS and other relevant authorities any potential non-compliance in its AWPs. Upon the malfunctioning of an AWP, the concessionaire is under an obligation to disconnect the non-compliant machine from the network by giving notice to AAMS and other relevant authorities. The concessionaire must verify that the shopkeeper blocks non-compliant machines.

Additionally, the concessionaire is required to fulfill its administrative obligations relating to AWPs and to calculate the PREU and pay the relevant sums for the machines connected to the network that are managed by such concessionaire, as required by the relevant AAMS decree. Furthermore, the concessionaire must carry out all other activities and functions required for the correct and effective management of the machines and must ensure the ordinary and extraordinary maintenance of the network, according to the process indicated by AAMS, with the purpose of ensuring the maintenance of the technical and market value of the network owned by AAMS.

We pay the PREU taxes due on our AWPs on a bi-monthly basis. In each bi-monthly period, we make three PREU installment payments calculated on the basis of the actual PREU we paid in the prior period. The fourth and final payment of PREU in the bi-monthly cycle is equal to the difference between the actual PREU due for the period and the amount of PREU paid in the three preceding installments.

AWP concession fee and concessionaire remuneration

In 2005, Law No. 266/2005 amended the existing framework relating to concession fees. The AWP concession provides that the concessionaire pays to AAMS a separate concession fee (currently contractually fixed at a rate of 0.3% of bet) as well as remit to AAMS a security deposit in the amount of 0.5% of bet for each AWP for which a *nihil obstat* or a serial number is provided by AAMS to guarantee the level of the service and the number of machines installed. The 0.5% deposit is returned to the concessionaires in the subsequent year (usually within the first six months), upon fulfillment of certain conditions and in proportion to the level of compliance achieved.

Covenants and other undertakings under our VLT and AWP concession

The agreement with AAMS governing our VLT and AWP concession contain certain covenants, undertakings and other requirements that we must comply with, including, among others, (i) capital maintenance requirements, including when required by AAMS; (ii) financial statement delivery requirements (within 15 days of their approval); (iii) prevention of conflicts of interest of directors; (iv) financial maintenance covenants (*adeguati requisiti di solidità patrimoniale*), including the requirement that our ratio of net financial position to net assets does not exceed 4 to 1 and (v) restrictions with respect to the distribution of dividends. If we fail to comply with the terms of our concession, AAMS could revoke or suspend the concession.

Betting

Historically, the Comitato Olimpico Nazionale Italiano ("**CONI**") and the Ministries of Finance and Agricultural Policy have awarded concessions (the "**Ordinary Concessions**") for accepting sport bets (the "**Ordinary Sports Concessions**") and horse racing bets (the "**Ordinary Horse Racing Concessions**"), each concession having a duration of six years, renewable once for an additional six years. After the renewal period elapses, new concessions are awarded by means of a public tender process.

Ordinary Concessions

Ordinary Concessions include, amongst others, bets on horse races carried out as part of the official programme of Italian and foreign racecourses, contests linked to Olympic sports events (including football, basketball, cycling, alpine skiing, cross-country skiing, tennis, sailing and volleyball) and motor sports (motor racing and cycling). Since their introduction, ordinary concessions have been expanded to allow betting on an extended list of games, and include the possibility to operate both horse racing and sport betting on the same premises provided that no more than two concessionaires collect the different bets and provided both concessionaires are represented by a single operator who holds a police license.

Ordinary Sports Concession

Currently, Ordinary Sports Concessions are awarded by AAMS. Ordinary Sports Concessions are regulated by Ministerial Decree n.111 of March 1, 2006, which contains the following key provisions:

(a) *Operators Entitled to Collect Bets*. The operators entitled to the collection of bets are the concessionaires selected by AAMS in compliance with national and EU principles. The characteristics of the distribution networks of the concessionaires are set forth by AAMS's decrees. Bets are either collected at designated points of sale or remotely i.e. through mobile or fixed telephone channels, the internet or interactive television. AAMS can authorize concessionaires to open temporary points of sale to allow for bets which are linked to, for example, special events, to be accepted. Generally, any form of intermediation in the collection of bets, i.e., the unauthorized or irregular collection of bets by persons other than the concessionaires, is prohibited.

(b) *Permitted Bets and AAMS's Official Programmes*. The type of bets covered by the concession are bets on sports events (other than horse races) and non-sports events, including single bets that are made in reference to the single result of a sole event and multiple bets, so-called "*martingala*," that are made in reference to the results of more than one event. The characteristics of the types of bets, as well as the list of permitted sports and non-sports events on which bets can be placed, are prescribed by AAMS. Based on the official AAMS programme, the concessionaire prepares the programme of acceptance of bets which contains the odds associated with each predicted result for the events on which bets are allowed. The concessionaire's programme must be displayed at the points of sale and, with respect to bets which are placed remotely, the concessionaire must make its programme available through the collection channels (i.e., mobile or fixed telephone channels, internet or interactive television). The concessionaire is required to communicate any variation to its programme to the public immediately. Concessionaires are permitted to offer different odds for bets carried out at a physical point of sale when compared to bets placed remotely. Fixed odds bets are those for which the sum to be cashed in case of winning is previously agreed between the participant and the concessionaire of the bets.

(c) *Miscellaneous Provisions*. Additional relevant provisions include:

   (i) the minimum bet amount is €3.0;

   (ii) with respect to fixed odds bets on events other than horse racing, Article 4, paragraph 1, letter b) point 3 of Legislative Decree No. 504 of 23 December 1998, as subsequently amended, provides for the imposition of a one-off tax at rates for each bet that vary from 2% to 8% depending on the net bet generated by the fixed odds bets during the preceding 12-month period;

   (iii) the exclusion of the operations connected with the exercise and collection of bets from VAT;

   (iv) maximum winnings for a single sports bet ticket cannot exceed €10,000, and for a multiple sports bet ticket, €50,000;

   (v) provisions for the control of compliance with the applicable provisions, for example by means of inspections at the concessionaires' premises, the point of sale and on the remote systems used by the concessionaires through AAMS. In case of violation of the applicable regulation, AAMS issues measures of suspension of the remote collection between the national totalizers and the concessionaire and, in cases of serious violation, can terminate the concession;

   (vi) provisions for the disbursement of winnings through the national totalizers, normally at the point of sale or, for remote bets, according to the terms of payment indicated by AAMS;

(vii) provisions for the certification of the acceptance of the bet, which takes place exclusively by the receipt of a participation issued by the game terminal, according to the data provided by the national totalizers. The acceptance of remote bets is registered in accordance with the procedures set forth by AAMS. Remote bets are irrevocable; and

(viii) provisions for the maximum term during which requests for reimbursements and winnings can be made, which is currently set at 90 days from the date of the result of the last events which were the object of the bet. The amounts not requested within this term will be paid to the Italian treasury.

Ordinary Horse Racing Concession

Currently, Ordinary Horse Racing Concessions are awarded by AAMS. Ordinary Horse Racing Concessions are primarily regulated by Presidential Decree No. 169/1998, which contains provisions on horse racing bets at totalizers and at fixed odds. The key provisions governing Ordinary Horse Racing Concessions are:

(a) *Concessions for the Exercise of Horse Race Bets*. The concessions for the exercise of fixed odds and totalizer horse race bets are awarded by public tender to persons and companies with appropriate and demonstrated technical, professional and financial prerequisites, based, *inter alia*, on the following criteria: (i) transparency of the proprietary asset and efficiency of the management of the single points of acceptance of bets; (ii) strength of the network for the collection and acceptance of bets; rational and balanced distribution on the territory according to programmed and controllable parameters; (iii) homogeneity and balance of the remuneration set forth for the various categories of concessionaires; (iv) guarantee of competition and market freedom by provision of parameters aimed at avoiding the abuse of dominant positions; and (v) provision of a centralized real-time control of the bets and of the relevant financial flows. For the management of the bets, the concessionaire must adopt remote tools that comply with the technical specifications determined by the MEF. The right to collect bets directly at horse races is reserved for the owner of the race track. The transfer of the concession is allowed upon prior consent by AAMS, in cooperation with the Ministry of Agricultural Politics. The cooperation is required because AAMS has jurisdiction over horse racing betting, while the Ministry of Agricultural Politics has jurisdiction over other horse racing related matters (such as horse races, race courses, and horse studs).

(b) *Revocation of the Concessions*. AAMS, together with the Ministry of Agricultural Politics, may revoke the concession in the following cases: (i) inability to comply with the requirements necessary for the award of the concession; (ii) interruption of the activities for causes other than force majeure; (iii) violation of certain legal provisions concerning the stockholders and the communication to the MEF of the transfer of shares or quota of the concessionaire and particularly of the prohibition of intermediation in the collection of bets; and (iv) violation of the provisions of Presidential Decree No. 169/1998 and of the decrees that regulates the type of permitted bets. The concessionaire who has been subject to a procedure of revocation (and managers and partners that exercise the control over the company that holds the concession subject to revocation pursuant to Article 2359 of the Italian Civil Code) cannot participate directly or indirectly in the tender process for the award of new concessions for three years following the date of publication of the relevant act.

(c) *Permitted Horse Race Bets and Official Programme of the Races*. Bets can be made at national totalizers or at fixed odds. Bets at totalizers are those where the overall amount, net of the amount of a one-off tax withdrawal, is divided amongst the winners. The bets at fixed odds are those where the sum to be cashed in case of winning is previously agreed between the customer and the manager of the bets. Such bets cannot be carried out at the counters and agencies within the race courses. The MEF, upon proposal by the Agency for the development of the horse sector (*Agenzia per lo sviluppo del settore ippico*, "Assi"—former UNIRE) and in cooperation with the Ministry of Agricultural Politics, sets forth the types of bets permitted, which includes bets that can be placed by telephone or via remote connection, the number of the bets that can be placed and the limitations on amounts that can be bet. The official programme of the races, prepared by Assi, is verified annually by the Ministry of

Agricultural Politics, upon prior consultation with the MEF. Law No. 135/2012 provides for the transfer of the functions of Assi to the Ministry of Agricultural Politics and to the Agency of Customs. However the implementation decrees have not been issued yet.

(d) *Miscellaneous Provisions*. Additional relevant provisions include the following:

(i) bets can be collected exclusively at race courses, horse race betting agencies and betting offices. Any form of intermediation is prohibited;

(ii) the receipt, certified by the acceptance systems, is the only proof of participation in the bet and cannot be replaced by any other form of proof; and

(iii) each holder of Ordinary Horse Racing Concessions is subject to the payment of a withdrawal contribution (*quota di prelievo*) on pre-tax revenue (*introito lordo*) derived from totalizer and fixed odds horse racing bets to Assi, at the rates currently set forth by Ministerial Decree of February 15, 1999. The Assi contribution is used to support he horse racing industry, including the remuneration of the TV services for reproduction of the images of the races in the points of sale or through other channels (e.g., internet) and which are of practical use to the consumers to place their bets.

Bersani Concessions

Upon implementation of the Bersani Decree of July 4, 2006 on liberalization and reorganization of the public gaming sector, we have been awarded two concessions for public gaming based on events other than horse races (the "**Bersani Sports Concessions**") and on horse racing events (the "**Bersani Horse Racing Concessions**") and for the establishment of the relevant distribution networks and related operation.

The Bersani Decree

The Bersani Decree governs the current licensing system of the concession-based gaming sector and establishes the Italian state and AAMS as competent authorities in the area of public gaming. The Bersani Decree structures concessions as granting the right to open betting corners, expands the range of operators which are entitled to participate in tenders for concessions and reorganizes sports and horse racing games with a view to eliminating the distinction between operators of the two types of bets. In addition, the Bersani decree, works to combat irregular and illegal gaming and tax evasion in the gaming

Implementation of the Bersani Decree

In implementing the Bersani Decree, AAMS carried out two public tenders concerning the granting of the Bersani Sports Concessions and the Bersani Horse Racing Concessions. In particular, the subject of the tenders was the assignment of the rights for the opening of Betting Shops and Betting Corners for gaming activities and activation of remote gaming networks. The tenders held pursuant to the Bersani Decree assigned 16,300 rights to open (i) 500 horse racing Betting Shops, (ii) 9,500 horse racing Betting Corners, (iii) 1,900 sports Betting Shops, and (iv) 4,400 sports Betting Corners, as well as the right for the establishment of remote horse racing or sports betting networks.

The Bersani Concessions were awarded to several operators, including Gamenet Scommese S.p.A. On March 28, 2007, Gamenet and AAMS executed two Bersani Concession Agreements, one for each type of right awarded (rights concerning the exercise of bets on horseracing events and rights concerning bets on sport events). The term of these concessions (originally expiring on December 31, 2015) has been extended until June 30, 2016 by Directorial Decree of September 7, 2007, No. 2007/49R/Giochi/UD.

Licensing requirements for the exercise of remote skill games with cash prizes

The Bersani Decree also introduced remote games of skill in Italy, including remote card games, such as online poker, that satisfy the following requirements: (i) which are organized in the form of a tournament (except as otherwise provided by AAMS) and (ii) for which the relevant stake is represented by the sole amount paid for registration in Italy.

The requirements to exercise remote skill games with cash prizes are regulated by the Bersani Decree and by Ministerial Decree No. 186 of September 17, 2007 (the "**Regulation**") as well as by implementing AAMS's decrees and circular letters. The management of remote skill games, as currently exercised, is subject to (i) the concessions set out in the Bersani Decree; (ii) an authorization issued by AAMS after verification of the security standards of the skill game platform structure; and (iii) an authorization of the skill game plan pursuant to the Regulation.

The gaming operators entitled to file the request for authorizations to exercise skill games (including online poker) with AAMS pursuant to the Regulation are all holders of the Bersani Concessions. AAMS simplified the authorization procedures for those concessionaires that intend to use skill game platforms and skill game plans and that are already authorized, favoring these over other concessionaires, upon the condition that a copy of the relevant authorizations be attached to the applications.

As part of the current temporary regime, concessionaires authorized to operate remote skill games pursuant to Directorial Decree of March 21, 2006 can offer sessions of remote skill games only to those consumers who have entered into a game account agreement with them which has been subsequently approved by AAMS. In order to execute the agreement, the operator must check the player's personal details, age, and fiscal code. Only one agreement per player per concessionaire can be executed. In case of the termination or withdrawal of the agreement, the execution of a new agreement with the same player is not allowed for 30 days from the date of termination.

AAMS measures aimed at the closing down of illegal websites

Article 1, paragraph 50, of Law No. 296/2006, provides that, in line with the principles stated by Article 38 of the Bersani Decree and with the purpose of fighting the spread of illegal games and tax evasion in the gaming sector, as well as to ensure public order and the protection of players, AAMS should set forth ways to eliminate the offering of games, betting and sports pools with cash prizes, by means of telecommunication networks, without concessions, authorizations, licenses or other permits or which are, in any case, offered in violation of the existing legal framework.

AAMS Directorial Decrees No. 1034/CGV of January 2, 2007, No. 717/CGV of May 29, 2007 and No. 1484 of June 10, 2008, implementing provisions of the Bersani Decree, introduced a set of fines for website operators not complying with AAMS standards, ranging from €30,000 to €180,000 per ascertained violation.

A list of the websites removed for not being in compliance with applicable legal standards is set out on AAMS's official website.

"Giorgetti" Concession

In 1999, the Italian Government decided to increase the number of horse racing betting centres in Italy from 329 to 1,000, by offering 671 new licenses by tender and by renewing the 329 existing ones ("**Historic Horseracing Concessions**").

On July 24, 2001, the European Commission initiated infringement procedures against Italy pursuant to Article 226 of the European Community Treaty (the "**EC Treaty**"), in which the renewal of the Historic Horseracing Concessions were challenged on the basis that they were carried out without inviting any competing bids, in breach of the general principles of EC competition law and freedom of establishment as set out in the EC Treaty.

In response, the Italian Government adopted Law Decree No. 452/2001 (superseded by Law No. 16/2002), providing that the Historic Horseracing Concessions were to be reallocated by way of a Community call for tenders, and that they would remain valid until that reallocation had been finalized. The European Commission was unsatisfied with the implementation of the provisions of Law No. 16/2002 and issued a reasoned opinion on October 16, 2002 asking the Italian Republic to adopt the necessary measures to comply with the reasoned opinion within two months from its receipt. By letter of December 10, 2002, the Italian Government responded that it had to conduct a detailed assessment of the financial status of the existing concession holders before issuing a call for tenders. Subsequently, UNIRE's resolution No. 107 of October 14, 2003, by implementing Article 8, paragraph 13, of Law No. 200/2003, in light of the financial difficulties encountered by the sector, provided for the renewal of the Historic Horseracing Concessions until 2012, in favor of those concessionaires who had signed the agreement for the settlement of their debts in relation to the Historic Horseracing Concessions.

As a result of the continuing failure of the Republic of Italy to comply with the European Commission's reasoned decision No. 1999/5352 of October 16, 2002, the Commission appealed to the European Court of Justice ("**ECJ**"). In its conclusions presented on March 29, 2007, Advocate General Sharpston asked the ECJ reach the conclusion that the Republic of Italy failed to fulfill its obligations under Article 226 of the EC Treaty.

On September 13, 2007, the ECJ confirmed the conclusion of the Advocate General, that by renewing the 329 Historic Horseracing Concessions without inviting any competing bids, Republic of Italy failed to fulfill its obligations under Articles 43 and 49 EC Treaty and, in particular, infringed the general principle of transparency and the obligation to ensure a sufficient degree of advertising. Therefore, pursuant to Article 4-bis of Law Decree No. 59 of April 8, 2008, superseded by Law No. 101 of June 6, 2008, as further implemented by Article 1-bis of Law Decree No. 149/2008 (superseded by Law No. 184/2008 and amended by Article 2, paragraph 49 and 50 of Law No. 203/2008) the Government revoked all Historical Horseracing Concessions. On February 3, 2009 and February 9, 2009, in line with the ECJ's judgment, AAMS published a call for the tender of the 329 Historic Horseracing Concessions in the European Union Official Journal and in the Italian Official Journal. The purpose of the public tender was to award concessions for the exercise of horseracing public gaming, by opening and managing 3,000 horse racing Betting Corners (the "**Giorgetti Concession**").

Further Aspects of the Regulatory Framework

Recent Changes to the Gaming Concession Legal Framework Regarding the Exercise and Remote Collection of Bets and Games

The current legal and regulatory framework of public games outlined above has been consolidated into Article 24, paragraphs 11-26 of Law No. 88 of 7 July, 2009 (the "**2008 Community Law**"), which was passed by the Italian Parliament in order to ensure compliance of the Italian regulation with the principles of freedom of establishment (Article 49 TFEU) and freedom to provide services (Article 56 TFEU). The 2008 Community Law has determined the need to merge the existing concessions (see "*—GDA (giochi a distanza) concession*") and that is expected to introduce significant integrations and changes to the process, requirements and conditions for the exercise of the games in the future, as described below.

The purpose of this new regulation is to curtail the spread of irregular and illegal games and betting and to ensure the protection of consumers and of public order, the protection of minors as well as the avoidance of infiltration of organized crime into the gaming sector. Additionally, the new regulatory framework aims to modify and integrate the existing Italian regulatory framework to comply with Articles 49 and 56 of the Treaty on the Functioning of the European Union ("**TFEU**") (*ex* articles 43 and 49 of the EC Treaty, respectively), the provisions of the TULPS and the principles of non-discrimination, necessity, proportionality and transparency, with a view to open the Italian market to further competition from abroad.

In particular, the concessions for the exercise and remote collection of certain public games can directly be issued by AAMS upon the filing of an application by gaming operators that meet specific requirements and comply with certain economic obligations rather than being assigned by public tender only. See "*—New Regulation of Certain Aspects of the Gaming Sector*". Additionally, the new regulatory framework provides that current concessionaires may broaden their range of activities carried-out by filing an application to AAMS. The 2008 Community Law entitles AAMS to integrate the provisions illustrated below by means of AAMS' directorial decrees. Said provisions have been, in part, implemented by AAMS' directorial decrees on the basis of a specific feasibility project in accordance with Article 24, paragraph 26 of 2008 Community Law.

New Regulation of Certain Aspects of the Gaming Sector

Pursuant to Article 24, paragraph 12, of 2008 Community Law AAMS is entitled to introduce detailed regulations, in compliance with the provisions of the 2008 Community Law, relating to following public games, listed under Article 24, paragraph 11 of the 2008 Community Law:

(a) fixed odds and totalizer bets on sport events, including virtual sports events and horse race events, other virtual non-sport events and horse racing events;

(b) horse racing and sport pools;

(c) national horse racing games;

(d) skill games;

(e) fixed odds bets with direct interaction between the players;

(f) bingo;

(g) numeric games at the national totalizer; and

(h) lotteries at instantaneous and deferred drawing.

Requirement that written formal contracts with certain retail partners and managers are executed and submitted to AAMS upon request

Pursuant to the agreement governing our VLTs and AWPs concessions, concessionaires are required to execute formal contracts with, among others, each of their third party retail partners, including owners and operators of AWPs and gaming hall managers and provide copies thereof to AAMS upon request. AAMS requested to all concessionaires to comply with such requirements by September 20, 2013. A concessionaire's failure to comply with this requirement, could result in AAMS imposing annual sanctions and administrative penalties of up to 11% of the actual compensation a concessionaire receives for the network connection services provided for VLTs and AWPs in the year in which such violations occurred or are alleged to have occurred.

Condition for the Exercise of Numeric Games at the National Totalizer and Lotteries by Other Concessionaires

The remote collection of the public games indicated by Article 24, paragraph 11 of the 2008 Community Law, letters (g) and (h), can be carried out by those concessionaires authorized to provide the same games through physical channels (i.e., on a non-remote basis) upon AAMS authorization. In addition, said concessionaires must obtain a license issued by the current holders of the concessions for the remote collection of the abovementioned public games. Such license must provide that said concessionaires pay a commission not lower than the one recognized by the managers of the points of sale of such games that are part of the physical collection network of the current sole holder of the respective concessions.

Conditions for the Issuance of New Concessions

The exercise and remote collection of the public games indicated in Article 24, paragraph 11, letters a) to f) of 2008 Community Law is permitted to (i) operators that fulfill certain requirements and that undertake the obligations described below in favor of which AAMS shall issue a nine-year concession; and (ii) operators that already hold a concession for the exercise and collection of one or more public games by means of physical and/or remote networks. Notwithstanding the foregoing, AAMS may limit new concessions to a maximum of 200 for fixed odds or totalizer bets on sport events, including virtual sports events, and including horse race events, as well as non-sport racing events.

New Concessions in Favor of New Operators

Subject to compliance with the following requirements and conditions, new concessions can be issued to operators as indicated in the section entitled "*Regulation—Condition for the Issuance of New Concessions*" above:

(a) the operator must exercise the activity of managing and collecting games, even if remotely, in one of the member states of the European Economic Area, where the operator must have been registered or where they have located a business office, based on a valid and effective authorization issued according to the legal system of such state, with an overall bet, connected to the gaming activity, of no less than €1,500,000 during the last two fiscal years closed before the date of submission of the application;

(b) if the requirements indicated under (a) above are not satisfied, the operator must (i) have a technical infrastructural capacity not lower than that required by the technical specification signed by the current concessionaires, as certified by a technical report signed by a third independent party; and (ii) set up a first demand two-year bank or insurance guarantee in favor of AAMS in an amount of no less than €1,500,000;

(c) the operator must be set up as a corporation (*società di capitali*) with registered office in one of the member states of the European Economic Area, prior to the issuance of the concession and execution of the relevant concession agreement;

(d) the chairman, managers and agents of the operators must meet certain specific ethical and professional requirements such as compliance with tax and social security legislation;

(e) the technological hardware and software infrastructure for the exercise of the gaming activity which is the subject matter of the concession must be located in one of the states of the European Economic Area;

(f) the operator must pay to AAMS a one-off fee, covering the entire duration of the concession, as contribution to the expenses for the technical and administrative management by AAMS of the licensed activity, in an amount equal to €300,000 plus VAT for skill game concessions. This amount can be increased every three years based on the index of national consumer prices for the general public (NIC) published by ISTAT; and

(g) the operator must execute a specific deed of undertaking.

Condition for the Exercise of New Games by Existing Concessionaires

Existing concessionaires that apply for a concession for the exercise and remote collection of those games that are listed in Article 24, paragraph 11, letter a) to f) (i.e., all games mentioned in "*—New Regulation of Certain Aspects of the Gaming Sector*" with the exception of the numeric games at national totalizer and lotteries) to broaden or complete their existing offering of games they are already entitled to provide and exercise remote collection, must pay to AAMS a one-off fee of the amount indicated below:

(a) concessionaires that hold a concession for Bingo games which file an application concerning the games indicated in Article 24, paragraph 11, letter a) to e) (i.e., all games mentioned in "*—New Regulation of Certain Aspects of the Gaming Sector*" excluding bingo, numeric games at national totalizer and lotteries) must pay €300,000;

(b) concessionaires that hold Bersani Decree Concessions which file an application concerning Bingo games €50,000; and

(c) concessionaires holding concessions relating to all remaining games, and that are not already entitled to the remote collection of their games which file an application concerning the games indicated in Article 24, paragraph 11, letter a) to f) (i.e., all games mentioned in "*—New Regulation of Certain Aspects of the Gaming Sector*" excluding numeric games at the national totalizer and lotteries) must pay €350,000.

These amounts can be increased every three years based on the index of national consumer prices for the general public (NIC) published by ISTAT.

Content of the Relevant Applications

The law prescribes the content of an application for a concession which must be published on AAMS' website. Submission of the application entails the undertaking of several obligations in a deed of undertaking, which shall be valid throughout the life of the concession agreement. The procedure for the assessment of the applications must be completed by AAMS within 90 days from filing of the application. Within 90 days from the date indicated by AAMS, the concessionaire for the exercise and remote collection of public games must sign an addendum to the existing concession which conforms the existing concession to the changed regulatory framework outlined above.

Condition for the Exercise of Remote Games

The management of remote games is conditioned on the conclusion of a game account agreement between the player and the concessionaire. AAMS is required to publish a model game account agreement which must comply with the provision of the 2008 Community Law on its website.

GDA (giochi a distanza) Concession

In accordance with the new provisions of the 2008 Community Law, AAMS launched a procedure for awarding the concessions for the exercise of remote games. Such process was open to (a) new operators and (b) existing concessionaires by means of the physical and remote network, or both.

In case sub (b) the tender process was aimed at the integration of the existing concessions for the exercise of the remote collection of games and bets for the purpose to adequate such concessions to the new requirements introduced by the 2008 Community Law.

AAMS has awarded approximately 200 concessions for the remote collection of bets and games (the "**GDA Concession**") concerning, *inter alia:* (i) horse racing and sport pools; (ii) skill games (e.g. poker cash); (iii) bingo; and (iv) numeric games at national totalizer.

Having participated in the tender process as existing concessionaire, Gamenet Scommesse S.p.A. has been awarded with a GDA concession and has been authorized for the remote collection of the above mentioned games. This concession will expire in May 2021.

Further provisions on gaming concessions

Article 2.2 of Law Decree No. 40 of March 25, 2010, (the "**Incentives Decree**"), converted into Law No. 73 of 22 May, 2010, prohibits any business relationship between the holders of concessions which generate income for the Italian treasury and third parties, unless such business relationships are expressly allowed by the tender documentation for the award of the relevant concessions. Any consideration received by the concessionaires from third parties in violation of the aforementioned prohibition is to be paid to the authority that granted the concession. According to an opinion issued by the Council of State this prohibition also applies to gaming concessions.

Fiscal Decree No. 16 of March 2012, converted into Law No. 44 of April 26, 2012, subsequently clarified that Article 2.2 should be interpreted to only apply to concessions awarded on the basis of tender procedures launched after the Incentive Decree came into force.

The Incentives Decree entitles AAMS to integrate the existing gaming concessions in order to introduce administrative fines for breaches of the prohibition established under the Incentive Decree. Such fines have to comply with the principles of reasonableness and proportionality.

Furthermore, Article 2.2-*bis*, confirms that the activities of remote gaming collection can only be carried out by concessionaires and in compliance with the provisions of the relevant concessions granted by AAMS.

Winning probability (Decreto Balduzzi)

In order to reduce the impact of diseases related to gaming activities and to guarantee a legal and transparent gaming sector, pursuant to article 7, paragraph 4-*bis*, of Law Decree No. 158 of September 13, 2012 converted into law by Law No. 189 of November 8, 2012 (*Decreto Balduzzi*) gaming advertisement must clearly indicate the percentage regarding the winning probability of the game, or, if not available, the historical percentage for similar games.

Anti-Money Laundering Regulations

We are subject to anti-money laundering rules and regulations, including Legislative Decree No. 231 of 21 November 2007, as amended, implementing in Italy the anti-money laundering EU Directive (2005/60/EC).

In particular, we are required to:

(a) adequately identify and verify our customers using rigorous procedures of identification and verification (for transactions involving amounts equal to or in excess of €1,000—while all transactions, regardless of amount, related to online games are subject to verification) and in situations that are deemed higher-risk for money laundering and terrorism financing);

(b) establish a Consolidated Computer Archive (*Archivio Unico Informatico*, "**AUI**");

(c) record and preserve the identifying data and other information related to relationships and transactions in the AUI;

(d) send the compiled data to the Financial Information Unit (*Unità di Informazione Finanziaria*);

(e) report suspicious transactions; and

(f) establish internal control measures and ensure adequate training of employees.

Anti-Mafia Code

As of February 13, 2013, we are subject to the anti-mafia provisions established by Legislative Decree No. 159 of September 6, 2011, as subsequently amended (the "*Anti-Mafia Code*"). Under the Anti-Mafia Code, we are required, among other things, to provide the relevant public body with information regarding us and our related parties, such as shareholders, directors, general managers as well as any other person living with them. This information must be transmitted prior to the execution of agreements or concessions with the public authority. The purpose of this regulation is to verify whether there might be any link between us and any mafia organisation which could influence our business.

Honorability requirements for Concessionaires

Article 24, paragraph 25 of Legislative Decree No. 98 of July 6, 2011, further converted into Law No. 111 of July 15, 2011, sets forth that, among other things, the legal representative and the general manager of a concessionaire, as well as any person responsible for any subsidiary or permanent organization in Italy of such concessionaire are required to maintain certain honorability requirements. In particular, the above mentioned persons should not be convicted (even with non-final judgment) or indicted for one of the offences referred to in Articles 2 and 3 of the Legislative Decree 10 March 2000, n. 74 and Articles 314, 316, 317, 318, 319, 319-ter, 320, 321, 322, 323, 416, 416-bis, 644, 648, 648-bis and 648-ter of the Italian Criminal Code or, if committed abroad, among others, for a crime connected to money laundering activities. AAMS could seek to exercise its discretionary powers to limit or even revoke concessions if a gaming concessionaire fails to maintain a relationship of trust with AAMS.

Management

The following is a summary of certain information concerning the management of the Issuer, certain provisions of the by-laws (*statuto*) of the Issuer and of Italian law regarding corporate governance. This summary is qualified in its entirety by reference to such by-laws and Italian law. See "*Listing and General Information*" for information on how to obtain a copy of our by-laws.

The Issuer is managed by a board of directors (*Consiglio di Amministrazione*) which, within the limits prescribed by Italian law, has the power to delegate its general authority to an executive committee or one or more managing directors. The board of directors determines the powers of the chief executive officer. In addition, the Italian Civil Code requires the Issuer to have a board of statutory auditors (*Collegio Sindacale*) which functions as a supervisory body (see below).

Board of Directors of the Issuer

There are presently 9 members on the board of directors. Members of the board of directors are appointed by the shareholders of the Issuer on the basis of a voting list mechanism at ordinary shareholders' meetings for a three-year term expiring on the date of the ordinary shareholders' meeting called to approve the financial statements for the third financial year of their term. All directors were appointed at the shareholders' meeting held on April 30, 2013. The directors will remain in office until approval by the shareholders of the financial statements for the year ended December 31, 2015.

The Board of Directors has established the following two executive committees: a remuneration committee and an audit committee. The remuneration committee is composed of three members (Claudio Sforza, Andrea Rigoni and Giuseppe Maria Cordova) and is delegated with the powers and responsibilities of proposing and advising the board of directors on matters of remuneration of key personnel. The audit committee is composed of two members (Andrea Rigoni and Sergio Verucci) and is delegated with the powers and responsibilities of managing the audit of our annual and interim financial accounts.

The following table sets forth the names, ages and titles of the members of the board of directors of the Issuer:

Name	Age	Title
Andrea Rigoni	57	Chairman
Claudio Sforza	55	Director and Chief Executive Officer
Franco Colo'	61	Director
Marco Conte	30	Director
Giacinto d'Onofrio	39	Director
Giuseppe Maria Cordova	58	Independent Director
Girolamo Giorgio Rubini	53	Director
Graziano Trisolino	56	Director
Sergio Verucci	47	Independent Director

The business address of the board of directors is Corso d'Italia 6, 00198 Roma Italy.

The following is biographical information for each of the members of the board of directors of the Issuer:

Andrea Rigoni joined Gamenet in 2013 as Chairman. Since 2011 he serves as an executive strategic consultant. From 2009 to 2011 he served as CEO of Neos Finance, and before he has been Vice Chairman of Moneta S.p.A., CEO of Neos Banca, General Manager of Eurizon Financial Group, CEO of CIB Bank. He also held several positions within the Intesa SanPaolo Group, as well as experiences at Ferrovie dello Stato S.p.A., Union Internationale des Chemins de Fer-France and the European Rail Police-France. Mr. Rigoni graduated with a degree in Law and a Master degree in Science of Economic and Financial Safety.

Claudio Sforza joined Gamenet in 2012 as Chief Executive Officer. Before joining Gamenet he served as CEO of Postel S.p.A., CEO of Postel Print S.p.A., Chairman of Docugest S.p.A., Board Member of Poste Tributi S.p.A., Postelink s.c.r.l and Postemobile S.p.A. He also served as CFO of Poste Italiane S.p.A, head of Business Division at Wind S.p.A. and CEO at IT Net S.p.A. Prior to that, Mr. Sforza held several roles within the Poste Italiane Group. He also had experiences at Netscalibur S.p.A., Telecom Italia S.p.A., Iritel S.p.A., Italcable S.p.A., Gepi S.p.A. and Pfizer S.p.A. He is a Chartered Accountant and Official Auditor. Mr. Sforza graduated *cum laude* with a degree in Business and Economics at La Sapienza University in Rome.

Franco Colo' is an entrepreneur in the gaming industry. He has been leasing gaming equipment for over 30 years and has a strong expertise in the gaming hall management. Since 2004, he serves as a board member of CRIGA, thereby assisting with the foundation of Gamenet. Currently, Mr. Colo' serves as Vice Chairman of CRIGA.

Marco Conte has been working as an associate at Trilantic since 2010. Prior to that, he worked for Jupiter Finance S.p.A., a distressed debt fund belonging to the CIR Group, specialized in the acquisition of non-performing loans, distressed companies and special situations as well as analyst in the portfolio management team at Merrill Lynch International Bank. Mr. Conte graduated cum laude with a degree in Banking and Finance at the University of Padua and obtained an MSc *cum laude* in Finance at Bocconi University of Milan.

Giuseppe Maria Cordova is lawyer of the Supreme Court. Since 2000 he works for the Territorial Council for Immigration of the Province of Reggio Calabria. Mr. Cordova is a representative of the *Italian Refugee Board* of the territorial council for immigration in the Court of Appeal of Reggio Calabria. He is also a board member of the Union of Forensic Auditors of Reggio Calabria. During his career, he has collaborated with the National Council for Economics and Labor and worked for RAM S.p.A. (Mediterranean motorway network) as Head of Legal and General Counsel. Mr. Cordova graduated with a degree in Law from the University of Messina.

Giacinto d'Onofrio is a Partner of Trilantic and member of the board of directors of TCP. From 2008 to 2009 he served as Principal at Lehman Brothers Merchant Banking. Prior to that, Mr. d'Onofrio spent nine years at Lehman Brothers, where he was a member of the Investment Banking group, participating in various M&A, debt, equity, leveraged finance transactions and closing 16 deals with a total value in excess of €56 billion. He graduated *cum laude* with a degree in Business and Economics at LUISS University of Rome.

Girolamo Giorgio Rubini is the founder of the auditing firm "*Consulenti Associati Avvocati & Commercialisti*" and provides auditing, tax and corporate counseling services. He is also a Consultant / Surveyor for insurance matters to the Emilia Romagna / Marche regions. He serves as Statutory Auditor at: Banca di Forlì—Banca di Credito Cooperativo, Sistemi Fotovoltaici.Com, Casadei e Pellizzaro s.r.l., Valdinoci s.r.l., Cedi s.r.l, Terrabusi Holding S.r.l., and MNLG S.r.l. Mr. Rubini graduated *cum laude* in Business Economics and is a Chartered Accountant and Statutory Auditor.

Graziano Trisolino is an entrepreneur in the gaming industry, where he spent his entire career. He has been active in the AWP segment, and has a strong expertise in the gaming hall management. Since 2004, he serves as a board member of CRIGA, thereby assisting with the foundation of Gamenet. Currently, Mr. Trisolino serves as Chairman of CRIGA.

Sergio Verucci is a Chartered Accountant and Official Auditor. Since 1994, he works as Chartered Accountant for Mancini Verucci & Partners. He is currently the sole director of Gestione Diritti Multimediali s.r.l. and Saopart s.r.l, and a member of the board of statutory auditors of One Care Europe s.r.l., Flammini Group Holding s.r.l, Infront Motor Sports Organization s.r.l., Villa Silvana S.p.A., Residenza Villa Carla S.r.l, and Rent Max S.p.A. Mr. Verucci also serves as a director of the following companies: Società Perimetro Gestione Proprietà Immobiliari S.C.p.A., Future Vision Holding S.p.A., Fusions International Development s.r.l, Fusions Real Estate s.r.l., Fusions Roma s.r.l and Superstars International Development S.r.l. Mr. Verucci graduated *cum laude* with a degree in Business and Economics at La Sapienza University in Rome.

Powers and Responsibilities

Pursuant to its by-laws, the management of the Issuer's business is the exclusive responsibility of the directors, who may perform all acts that they consider necessary for the achievement of the Issuer's corporate purpose, except for those actions reserved by law or the by-laws for the shareholders' meeting. In particular, the board of directors has the ability to take all actions it deems appropriate to achieve the objectives of the Issuer. Subject to the limitations of applicable Italian law, the board may delegate its powers to an executive committee or one or more directors.

Pursuant to its by-laws, meetings of the board of directors require a quorum of the majority of directors. Resolutions are generally adopted by a simple majority of directors present at the meeting.

The chairman of the board of directors and, within the limit of the powers granted to them, the executive directors, have the power to bind the Issuer in dealings with third parties and to represent it in court proceedings.

Senior Management

The following table sets forth the names, ages and titles of the members of the senior managers of the Group.

Name	Age	Title
Andrea Rigoni	57	Chairman
Claudio Sforza	55	CEO
Mario Bruno	48	CFO
Valentina Lazzareschi	38	Head of Legal Department
Giovanni Barbieri	45	Project Manager
Mario Panagiotis-Barbas	46	Chief Commercial Officer
Pasquale Di Trani	45	Chief Technology Officer
Giovanni Pasqualetti	50	Head of Purchasing and General Services
Giuseppina Falcucci	35	Head of HR Organization and Quality
Oronzo Gonnella	37	Head of Compliance Concessions
Vincenzo Meles	43	Corporate Protection
Gaetano Cecere	46	CEO of Gamenet Entertainment
Erasmo Paone	55	Corporate Strategy Business Development Manager
Francesco Mastantuoni	41	General Manager Betting

The following is biographical information for the senior management of the Issuer. See "*—Board of Directors of the Issuer*" for biographies of Andrea Rigoni and Claudio Sforza.

Mario Bruno (CFO) joined Gamenet in 2012. From 2005 to 2012 he served as CFO of Carlson Wagonlit Italia S.r.l. From 1991 to 2005 he worked for ExxonMobil, including 5 years on foreign assignment, holding various positions and from 2004 to 2005 he served as Europe Financial Reporting Manager (for the Downstream business). Prior to working for ExxonMobil, he worked briefly in the Finance Departments at Alitalia and Nissan. He graduated *cum laude* with a degree in Business and Economics at LUISS University in Rome in 1989.

Mario Panagiotis-Barbas (Chief Commercial Officer) joined Gamenet in 2012. In 2010 he founded a management consulting firm. From 2009 to 2010, he served as Chairman for Vigo Italy. From 2000 to 2009 he worked for Western Union International covering several roles, including Marketing Manager for South-East and Central Europe, Marketing Director Southern Europe, CEO of Western Union Italia and Vice President for Southern Europe. He also served as member of the board of directors of Western Union Greece and Spain. From 1998 to 2000 he served as International Marketing Manager at Britvic. From 1995 to 1998, he was Product Manager for Western Europe at Ferrero. From 1993 to 1995, he worked at Coca Cola Hellenic Bottling Company in Greece as a management trainee. He graduated with a degree in Business and Economics from the Metropolitan University of Manchester in 1991 and attained an MBA from Nottingham University Business School.

Pasquale Di Trani (Chief Technology Officer) joined Gamenet in 2007, where he served as Project manager until 2008 before being appointed as Chief Technology Officer in 2009. From 1997 to 2006 he worked at Citec S.p.A., serving as Project Manager for AAMS. He also worked at Omnitel S.p.A. with assignments varying from internet to voice communications. From 1996 to 1997 he served as Analyst Programmer at SIDI S.p.A., EURIS s.r.l and ItalSoft s.r.l. From 1995 to 1996 he served as IT trainer for Internet & Multimedia s.r.l. in Padua. Mr. Di Trani graduated with a degree in Information Technology from the University of Bari in 1994.

Valentina Lazzareschi (Head of Legal Department) joined Gamenet in 2011. She is a Lecturer in seminars on public procurement. Before joining Gamenet S.p.A., she served as senior lawyer in the "Legal Affairs" department of Postel S.p.A. From 2003 to 2008, she worked at Consip S.p.A. as an in house lawyer, leading the legal and corporate affairs department. In 2003 she served as a researcher for the College of Europe. Mrs. Lazzareschi graduated *cum laude* with a degree in Law at LUISS University in Rome in 1999 and obtained a Master in European Law in 2002.

Giovanni Pasqualetti (Head of Purchasing and General Services) joined Gamenet in 2011. From 2005 to 2011, Mr. Pasqualetti worked for Hewlett Packard Customer Delivery Services as Procurement/Purchasing Manager. From 2001 to 2003 he worked for Telecom Italia S.p.A. From 2001 to 2003 he served as Chief Logistics Manager for Outsourcing at Netsiel Telecom Italy—Project Asset Management. Mr. Pasqualetti graduated with a degree in Political Science at the University of Macerata.

Giuseppina Falcucci (Head of Human Resources and Quality Organization—Manager) joined Gamenet in 2011. From 2009 to 2011, she worked in the HR function at Arcelormittal Distribution solutions in Italy. From 2005 to 2008 she served as HR Account Adviser for Shell Italy and HR Business Partner for Shell Slovenia and from 2004 to 2005 she served as HR Specialist for Citigroup. From 2002 to 2003 she served as HR Specialist at Eurocoopservices. Mr. Falcucci obtained a Master's degree in HR Organization and Management in 2004 and graduated with a degree in International Political Science at the University Unicam in Camerino in 2002.

Oronzo Gonnella (Head of Compliance Concessions) joined Gamenet in 2012. From 2008 to 2012 he worked for Ernst & Young as a Transaction Tax Manager. From 2007 to 2008 he was a senior tax advisor for Deloitte. From 1996 to 2008 he served as Marshal tax auditor in the Guardia di Finanza's Tax Police Unit. Mr. Gonnella graduated *cum laude* in Economics and Management at the Gabriele D'Annunzio University in Pescara in 2006 and obtained a Master in Tax matters in 2007. Since 2011, Mr. Gonnella is also a Chartered Accountant and a Statutory Auditor.

Vincenzo Meles (Corporate Protection) joined Gamenet in 2012. From 2008 to 2012 he held the role of Corporate Security Officer for Postel S.p.A, where he was involved in establishing policies and guidelines in the field of information security and networking and was a member of the technical secretariat of the "*Organismo di Vigilanza*". He served from 1999 to 2008 as a Security and Risk Management vice president for Natuzzi S.p.A.

Gaetano Cecere (Chief Executive Officer of Gamenet Entertainment) joined Gamenet in 2011. From 2012, Mr. Cecere has been a member of the board of directors of Verve S.p.A. From 2007 to 2011, he worked for the Burger King Corporation as Senior Development Manager. From 2005 to 2007 he served as Head of Real Estate Development at Castorama Italy while from 2000 to 2005 he worked for Autogrill S.p.A. From 1996 to 2000 he worked as engineer freelance. Mr. Cecere graduated with a degree in Civil Engineering at the Federico II University in Naples in 1995 and became a qualified engineered in 1996.

Erasmo Paone (Corporate Strategy, Business Development Manager) joined Gamenet in 2011. From 2009 to 2011 he served as Chairman and CEO of Rent Autonoleggio S.r.l. and from 2007 to 2009 he was appointed as Executive Vice President Flotte & Remarketing at Fiat S.p.A. From 2005 to 2007 he worked at LeasePlan Italia S.p.A. where he initially served as CEO of the newly formed group LeasePlan Italia and was later appointed Vice President of ANIASA. From 1990 to 2005 he served as Financial and Administrative Director at Europcar Fleet Services Italia and Nolauto Genoa System s.r.l. (Europcar Italia Group) and between 1989 and 1990 he served as Controller of the TLC division and Head of Administration the Central-South Division at Nixdorf Computer. From 1987 to 1989 he was appointed as Credit Approval Manager at SPEI Leasing (IMI Group) where he also worked as Deputy Head of the Rome branch Head of sales budget and credit applications from 1985 to 1987. From 1983 to 1985 he served as Auditor at Hodgson Landau & Brands. Mr. Paone graduated *cum laude* with a degree in Business and Economics at the University La Sapienza in Rome in 1983.

Francesco Mastantuoni (General Manager Betting) is an engineer and joined Gamenet in 2012. From 2010 to 2012 he served as Head of PosteMobile online game division of Poste Italiane Group. In 2010 he worked for DADA, Rizzoli Corriere della Sera Group. From 2004 to 2010 he worked for Lottomatica S.p.A.. From 2001 to 2004 he worked for Seat Pagine Gialle S.p.A. In May 2000 he obtained an MBA from the Ercolano Institute of Company Management in Naples. Mr. Mastantuoni graduated *cum laude* with a degree in Mechanical Engineering at the Federico II University in Naples in 1998 and obtained his professional engineering qualification in 1999.

Giovanni Barbieri (Project Manager) is a Chartered Accountant and Official Statutory Auditors and joined Gamenet in 2013. From 2011 to 2013 he served as CFO and member of the board of directors of ITP Energy Corp, an international Oil & Gas manufacturing Group listed on the New York Stock Exchange. From 1996 to 2011 he worked at Deloitte, including in the New York office of Deloitte from 2000 to 2002. Mr. Barbieri graduated with a degree in Business and Economics at the University La Sapienza in Rome in 1996.

Compensation

The aggregate cash compensation to the Group's senior management and to the board of directors of the Issuer amounted to €1.9 million in 2012. Additionally, the Group's senior management participates in an incentive compensation plan.

Pending Investigation of Our Chief Executive Officer

In 2012, the Prosecutor of the Court of Rome (the "**Prosecutor**") commenced an investigation (by a formal notice "*avviso di garanzia*") of our chief executive officer under Article 2 and Article 10-quarter of Legislative Decree No. 74 of March 10, 2000 (the "Legislative Decree") which might result in criminal charges being brought against him. The allegations relate to a supply of goods contract that would have allegedly brought undue tax advantages to a company where our chief executive office was previously employed. Our chief executive officer has advised us that he believes that such contracts were entered into and carried out in good faith and in the normal course of business. In connection with the Prosecutor's investigation, our chief executive officer has promptly cooperated with the Prosecutor. If our chief executive officer were to be indicted for a crime under Article 2 and/or 3 of the Legislative Decree and therefore not be able to satisfy the honorableness requirements for directors of companies, including Gamenet, our chief executive officer has represented to us that he would resign as chief executive officer and as a member of our board of directors in order to seek to limit the risk of adverse consequences in respect of our business. Based upon the information available to us, we have no reason to believe that any criminal acts were committed by our chief executive officer nor are aware of any negative developments implicating Gamenet from such investigation. There can be no assurance that the Prosecutor will not bring criminal charges against our chief executive officer and if so whether such charges would not adversely affect our reputation with Italian regulatory authorities and business and financial partners. See "*Risk Factors—Risks Related to Our Business—Our business prospects and future success rely upon the integrity of our employees and executives and the security of our systems*" and "*Regulation—Honorability requirements for concessionaires*".

Board of Statutory Auditors

General

Pursuant to applicable Italian law, the Issuer has appointed a board of statutory auditors (*Collegio Sindacale*) whose objective is to oversee the Issuer's compliance with applicable law and with its by-laws, monitor the implementation of best practices, and assess the adequacy of the internal controls and accounting reporting systems at the Issuer, as well as the adequacy of the supply of information to its subsidiaries.

There are presently 3 auditors and 2 alternate auditors on the board of statutory auditors for the Issuer. Members of the board of statutory auditors are appointed by the shareholders of the Issuer at ordinary shareholders' meetings for a three-year term expiring on the date of the ordinary shareholders' meeting called to approve the financial statements for the third financial year of their term. All members of the board of statutory auditors were appointed at the shareholders' meeting held on November 30, 2010. At least one of the auditors and one of the alternate auditors must be selected among legal auditors registered with the relevant special registry. Members of the board of statutory auditors may be removed only for a valid reason and with the approval of an Italian court.

Our three statutory auditors are also members of our "*Organismo di Vigilanza*", which is responsible for monitoring the Issuer's compliance with Legislative Decree No. 231 of 21 November 2007, as amended.

The following table sets forth the names, ages and titles of the members of the board of statutory auditors of the Issuer. Their term of appointment ended upon the approval by the shareholders of the financial statements for the year ended December 31, 2012. These statutory auditors are currently serving for an interim period (*in prorogatio*) until the shareholders meeting will appoint a new board of statutory auditors.

Name	Age	Title
Giovanni Fiori	51	Chairman
Carlo Costa	55	Auditor
Andrea Collalti	46	Auditor
Miria Palotti	50	Alternate Auditor
Davide Mantegazza	48	Alternate Auditor

The following is biographical information for the statutory auditors of the Issuer.

Giovanni Fiori (Chairman of the Board of Statutory Auditors) is, since 2000, a Professor at LUISS University in Rome. He is member of the Board of Statutory Auditors of Banca d'Italia, and has been Special Commissioner to several companies as Alitalia S.p.A., Alitalia Servizi S.p.A., Volare S.p.A, Ilva Pali Dalmine S.p.A., Sidercomit Meridionale s.r.l., La Scala S.p.A. He also serves as Judicial Commissioner of Mazzoni Ambiente S.p.A. and is a member of the Board of Statutory Auditors of various companies, such as: Telecom Italia Media Broadcasting S.p.A. Loquedo S.p.A.; TM News S.p.A.; Castelli RE Roma S.p.A.; Fondazione Telecom Italia. He is a board member of the following companies: Prelios S.p.A.; PRIM S.p.A. Mr. Fiori graduated *cum laude* with a degree in Business and Economics at LUISS University of Rome.

Carlo Costa (Statutory auditor) is a Chartered Accountant and Official Auditor. He is a consultant for the Court of Bologna, civil, bankruptcy and criminal division. He also serves as an accounting consultant for the Public Prosecutor at the Court of Bologna and has been Chairman of the Board of Statutory Auditors of the University Hospital of Ferrara and Chairman of the Board of Statutory Auditors of the Province of Forlì-Cesena. Mr. Costa graduated with a degree in Business and Economics at the University of Bologna.

Andrea Collalti (Statutory auditor) is a Chartered Accountant and Official Auditor. He currently serves as Chairman of the Board of Statutory Auditors of Postel S.p.A., Fandango, Acea Distribuzione S.p.A., CAL Concessioni Autostradali Lombarde S.p.A., Meliortrust S.p.A. and as Statutory Auditor for Napoletana Gas S.p.A., ANAS International Enterprise, Gamenet Scommesse S.p.A., Verve S.p.A. and Fondazione Bioparco di Roma. He also serves as Chairman of the "*Organismo di Vigilanza*" of Postel S.p.A. and board member of Poligrafica San Faustino S.p.A. He is a member of the Supervisory Board of Eutelia S.p.A. in extraordinary administration. Mr. Collalti serves as Advisor to the President of the Finance Committee of the Italian Senate. He graduated with a degree in Business and Economics from La Sapienza University in Rome.

Miria Palotti (Alternate Statutory auditor) is qualified as a Certified Chartered Accountant and Official Auditor. She serves as technical consultant and court appointed expert for the Court of Forli. Mrs. Palotti served board member of the Order of Chartered Expert Accountants of Forlì. She graduated with a degree in Business and Economics from the University of Bologna.

Davide Mantegazza (Alternate Statutory auditor) is a Certified Chartered Accountant and Official Auditor. Since 2006, Mr. Mantegazza is an equity partner at the Firm Mantegazza Mercaldo & Partners, a professional firm that comprises lawyers and chartered accountants and provides corporate, tax and regulatory consulting services. He is also a shareholder and director of Ambrosiana Finanziaria S.r.l., a financial consultancy company that specializes in corporate finance. Furthermore he is a professor at the University of Milan, where he teaches public health law and he currently holds various positions in various corporate bodies, including financial intermediaries and listed companies. Mr. Mantegazza graduated with a degree in Business Administration from the Bocconi University of Milan and specialized in Corporate Tax Law.

Principal shareholders

At the date of this offering memorandum, the issued and outstanding share capital of the Issuer is €2,520,000.00, fully paid-in and divided into 1,276,520 Class A shares, 1,243,420 Class B shares and 60 Class C shares all with a par value of €1.00.

On November 23, 2010 and December 14, 2011, our extraordinary shareholders' meeting resolved to increase our share capital by a maximum of €8,750,000 (plus share premium) to serve the exercise of warrants. See "—*Warrants*".

Furthermore, on November 23, 2010, our extraordinary shareholders' meeting resolved to empower our board of directors to increase our share capital by a maximum of €962.941 (plus share premium) to serve a stock option plan to be approved by the board of directors. At the date this offering memorandum, our board of directors has not resolved yet to exercise the power to increase the share capital. See "—*Stock Option Plan*".

Classes of Shares

Our Class A shares incorporate rights granted by law to ordinary shares in addition to the right granted to each shareholder who owns at least 160,000 Class A shares to present or participate in the presentation of (i) a list for the appointment of up to five nominees for membership on our board or directors and (ii) a list for the appointment of up to two nominees for membership on our board of statutory auditors and one nominee as an alternate member on our board of statutory auditors.

Our Class B shares (limited voting shares) incorporate the same rights granted by law to Class A shares except for the right to vote at any ordinary or extraordinary shareholders' meeting, in relation to any resolution relating to matters other than (i) the appointment, replacement or removal of any director, the remuneration of any director and any other matter relating to the relationship between the Company and any director; (ii) the appointment, replacement or removal of any statutory auditor, the remuneration of any statutory auditor and any other matter relating to the relationship between the Company and any statutory auditor; and (iii) the approval of the Company's financial statements. The right to present or participate in the presentation of a list of nominees for membership on our board or directors and board of statutory auditors is granted to each shareholder who owns at least 46,000 Class B shares.

Our Class C shares incorporate the same rights granted by law to Class A shares as well as the following additional rights and characteristics: (i) the right to request the automatic conversion of Class B shares into Class A shares; (ii) the right to veto certain material matters approved by a shareholders' meeting (including distribution of dividends and reserves, mergers and de-mergers, purchase and sale of treasury shares, increases of the share capital except for those which are mandatorily imposed by the law and those which are necessary to meet financial commitments undertaken for the business activity and to fill cash flow shortages); (iii) the right to present or participate in the presentation of a list of two nominees for membership on our board or directors; and (iv) the right to present or participate in the presentation of a list of one nominee for membership on our board of statutory auditors and one nominee for an alternate member of our board of statutory auditors.

The following table sets forth, as of the date of this offering memorandum, information regarding the beneficial ownership of the Issuer's outstanding shares:

Name of Owner of Record	Shares	% Shares	Warrants(1)	Total	% Total(2)
TCP Lux Eurinvest S.à. r.l	1,765,000	70.04%	8,505,000	10,270,000	91.13%
CRIGA S.c.a r.l	300,000	11.90%	—	300,000	2.66%
Other Shareholders	210,000	8.33%	245,000	455,000	4.04%
Gamenet S.p.A.	245,000	9.72%	—	245,000	2.17%
Total	**2,520,000**	**100.00%**	**8,750,000**	**11,270,000**	**100.00%**(2)

(1) Convertible into Class A shares.

(2) Assuming full exercise of the Warrants.

TCP is a company incorporated under the laws of the Grand Duchy of Luxembourg and controlled by Trilantic Capital Partners. Trilantic Capital Partners is private equity firm that was formed in 2009 by five founding partners, all of whom worked together at Lehman Brothers Merchant Banking. Trilantic Capital Partners focuses on acquiring control and significant minority investments in North American and European companies active, among the others, in consumer, energy, industrials, financial and business services sectors. As of June 30, 2013, Trilantic had approximately US $4.1 billion in assets under management. Trilantic has a track record of proven risk management and prudent financial leverage, providing its portfolio companies with the flexibility to adapt to unforeseen economic conditions and execute their respective business plans.

Warrants

At our extraordinary shareholders' meeting held on November 23, 2010, our shareholders resolved to increase the share capital by a maximum of €7,500,000 (plus share premium equal to up to €22,500,000) to serve the exercise of 7,500,000 warrants offered for subscription to the shareholders owning the Class A shares on a proportional basis (collectively, the "**2020 Warrants**"). The 2020 Warrants are exercisable for one new Class A share for each 2020 Warrant exercised, at the exercise price of €4 (including share premium equal to €3) per Class A Share (the "**2020 Base Price Warrants**"), or, if any dividend was paid, at the exercise price equal to the 2020 Base Price Warrants less the dividends paid for all Class A, B and C shares and divided by the number of Class A shares at the date of exercise of the 2020 Warrants. The exercise price for the 2020 Warrants cannot be, in any event, lower than €1 per Class A Share.

The 2020 Warrants are in registered form and may be freely negotiated separately from the shares to which they are linked and may be freely transferred to third parties (also other than the shareholders), from the date of their issue. The 2020 Warrants can be pledged for holder or third party's obligations (including Gamenet's obligations). Upon the exercise of the 2020 Warrants by a shareholder of the Issuer having shares pledged to secure payment obligations of the Issuer, such as the case of the Collateral that TCP will grant to secure the Notes, the relevant shares will be issued already pledged in favor of the secured creditors. Holders of the 2020 Warrants may apply to exercise the 2020 Warrants at any time between the earlier of (i) July 15, 2013, and (ii) the occurrence of certain circumstances described under the 2020 Warrants regulation, including, the occurrence of an Event of Default under the Indenture and the Security Documents, listing of the Issuer or the request by holders of Class C shares of conversion of Class B shares into Class A shares and, in any case, by no later than December 31, 2020.

In addition, at our extraordinary shareholders' meeting held on December 14, 2011, our shareholders decided to increase the share capital by a maximum of €1,250,000 (plus share premium equal to up to €19,587,500) to serve the exercise of 1,250,000 additional warrants issued by the same shareholders meeting resolution and subscribed by TCP (the "**2021 Warrants**"). The 2021 Warrants are exercisable for one new Class A share for each 2021 Warrant exercised, at the exercise price of €16.67 (including share premium equal to €15.67) per Class A share (the "**2021 Base Price Warrants**"), or, if any dividend was paid, at the exercise price equal to the 2021 Base Price Warrants less the dividends paid for all Class A, B and C shares and divided by the number of Class A shares at the date of exercise of the 2021 Warrants. The exercise price for the 2021 Warrants cannot be, in any event, lower than €1 per Class A Share.

The 2021 Warrants are in registered form and may be freely negotiated separately from the shares to which they are linked and may be freely transferred to third parties (also other than the shareholders), from the date of their issue. The 2021 Warrants can be pledged for holder or third party's obligations (including Gamenet's obligations). Upon the exercise of the 2021 Warrants by a shareholder of the Issuer having shares pledged to secure payment obligations of the Issuer, such as the case of the Collateral that TCP will grant to secure the Notes, the relevant shares will be issued already pledged in favor of the secured creditors. Holders of the 2021 Warrants may apply to exercise the 2021 Warrants at any time between the earlier of (i) July 15, 2013, and (ii) the occurrence of certain circumstances described under the 2021 Warrants regulation, including the occurrence of an Event of Default under the Indenture and the Security Documents, listing of the Issuer or the request by holders of Class C shares of conversion of Class B shares into Class A shares and, in any case, by no later than December 31, 2021.

Stock Option Plan

Our extraordinary shareholders' meeting held on November 23, 2010 resolved to empower our board of directors pursuant to article 2443 of the Italian Civil Code to increase our share capital by November 23, 2015 by a maximum of €962,941.00 (plus share premium of up to €15,089,28.47) through the issuance of up to 962,941 Class A shares to be offered for subscription to the beneficiaries of a stock option plan named "*Piano di Stock Options Gamenet S.p.A.*" (the "**Stock Option Plan**") to be approved by the board of directors. At the date of this offering memorandum, neither the Stock Option Plan nor the related terms and conditions have been approved by our board of directors and the relevant capital increase has not been resolved yet by our board of directors.

Shareholders' Agreements

On November 30, 2010, TCP, CRIGA, Terrabusi Holding S.r.l. ("**Terrabusi**"), La Centrale Finanziaria Generale S.p.A., later replaced by Iromani S.r.l. ("**Iromani**"), Mr. Mauro Chinea, Mr. Ezio Fillippone, Mrs. Cinzia Antonini and Mr. Vitaliano Casalone entered into a shareholders' agreement governing, among others, (i) the appointment, replacement or removal of the members of the Issuer's Board of Directors and Board of Statutory Auditors; (ii) the pre-emption right allowing each shareholder owning shares of the same class of those to be sold by other shareholders the right to purchase such shares; (iii) a drag-along right allowing TCP to require the other parties to sell their shares in the event that TCP sells all of its shares; (iv) tag-along rights allowing the parties other than TCP to require the purchase of their shares in the event that TCP sells all of its shares and does not exercise its drag-along right and (v) certain call and put option agreements. (the "**2010 Shareholders' Agreement**"). The 2010 Shareholders' Agreement will be effective for five years from its date of execution or, if earlier, the date on which the shares of Gamenet become publicly traded. Mr. Mauro Chinea transferred his stake on July 2011 and Mr. Ezio Filippone transferred his stake on July 2012 and May 2013 and as such the 2010 Shareholders' Agreement has ceased to be effective with respect to them.

TCP, CRIGA, Terrabusi and Iromani entered into the 2013 Shareholders' Agreement (as defined below). Between said shareholders, the provisions of the 2010 Shareholders' Agreement are still in force in respect of the respective rights and obligations with Mrs. Cinzia Antonini and Mr. Vitaliano Casalone. On the other hand, the shareholders relationship between TCP, Criga, Terrabusi and Iromani are now exclusively governed under the 2013 Shareholders' Agreement (as defined below).

On May 30, 2013, TCP, CRIGA, Terrabusi and Iromani entered into a new shareholders' agreement (the "**2013 Shareholders' Agreement**") to govern matters related to the exit of TCP through the listing of Gamenet, the management and Governance of Gamenet and the transfer of the shares. In particular, the 2013 Shareholders' Agreement governs (i) the appointment, replacement or removal of the members of the Issuer's Board of Directors, whereby TCP has the right to appoint six directors (including the CEO and the Chairman of the Board of Directors) and each of Criga, Terrabusi and Iromani have the right to appoint one director, the by-laws of the Issuer contains a voting mechanisms that attributes to the owners of different classes of Shares the possibility to appoint directors in the Company in line with the provisions set forth in the by-laws; (ii) the appointment, replacement or removal of the members of the Issuer's Board of Statutory Auditors, whereby TCP has the right to appoint one statutory auditor who will serve as the Chairman of the Board of the Statutory Auditors, one statutory auditor and one alternate statutory auditor, and Criga, Terrabusi and Iromani have the right to appoint one statutory auditor and one alternate statutory auditor, the by-laws of the Issuer contains a voting mechanisms that attributes to the owners of different classes of Shares the possibility to appoint statutory auditors in the Company in line with the provisions set forth in the bylaws; (iii) the pre-emption right allowing each shareholder owning shares of the same class of those to be sold by other shareholders the right to purchase such shares; (iv) a drag-along right allowing TCP to require the other parties to sell their shares in the event that TCP sells all of its shares; (v) tag-along rights allowing the parties other than TCP to require the purchase of their shares in the event that TCP sells all of its shares; and does not exercise its drag-along right and (vi) the minimum subscription price of any rights offering that, save for the mandatory provisions of law, shall not be less than €20 (including the premium). The 2013 Shareholders' Agreement will be effective for three years from its date of execution or, if earlier, the date on which the shares of Gamenet become publicly traded. As noted above, Mrs. Cinzia Antonini and Mr. Vitaliano Casalone are not party to the 2013 Shareholders' Agreement and are not bound by the relevant provisions.

Call options between TCP and CRIGA

On October 5, 2012, upon a consideration of €1,000.00, TCP granted to CRIGA a call option enabling the latter to purchase from TCP up to 50,000 Gamenet class A shares for a consideration of €1 per share ("**CRIGA's Call Option**"). CRIGA is entitled to exercise CRIGA's Call Option if at the earlier of (i) the end of the ninth month following the execution of the AWPs Concession between Gamenet and AAMS; or (ii) December 31, 2013 (the "**Relevant Date**"), the number of AWPs managed by CRIGA and connected by Gamenet to AAMS is equal to or greater than 23,000 machines. Upon the occurrence of such trigger event, CRIGA is entitled to exercise the CRIGA's Call Option on 10,000 Class A shares if the number of AWPs is equal to or greater than 23,000 and on an additional 500 Class A shares for any further 100 AWPs above the 23,000 threshold. CRIGA is entitled to exercise CRIGA's Call Option for up to two months starting from the tenth day following the conclusion of an assessment to be made within 15 days from the Relevant Date (the "**Exercising Period**").

On the same date, upon a consideration of €1,000.00, CRIGA granted to TCP a call option enabling the latter to purchase from CRIGA up to 200,000 Class A shares for a consideration of €1 per share ("**TCP's Call Option**"). TCP is entitled to exercise TCP's Call Option if, at the Relevant Date, the number of AWPs managed by CRIGA and connected by Gamenet to AAMS is lower than 20,000 machines. Upon the occurrence of such trigger event, TCP is entitled to exercise the TCP's Call Option on a number of 2,500 shares A for any 100 AWPs below the 20,000 threshold. TCP is entitled to exercise TCP's Call Option during the Exercising Period.

Related party transactions

In the course of our ordinary business activities, we regularly enter into agreements with companies within the Group. These agreements mainly relate to the rendering of intra-Group services, such as the provision of software and IT, treasury, controlling and other services as well as marketing services.

We believe that all transactions with subsidiaries, other members of our group, and with our shareholders are negotiated and executed on an arm's-length basis and that the terms of these transactions are comparable to those currently contracted with unrelated third-party suppliers and service providers.

TCP has provided two shareholder loans to the Issuer—one on November 30, 2010 for €30.0 million and another on December 23, 2011 for €20.0 million. Each of these loans bears payable in kind ("**PIK**") interest at a rate of 7.5% per annum.

The total amount of the Shareholder Loans, including accrued interest, amounted as at March 31, 2013 to €57.5 million and will be repaid in full with a portion of the proceeds from this Offering. See "*Use of proceeds*".

As of the date of this offering memorandum, we own a quota of 11.3% of the share capital of CRIGA and we provide network connection services to approximately 21.000 AWPs owned by CRIGA. During 2012, we also acquired 37 gaming halls from Romagna Giochi S.r.l. See "*Management's discussion and analysis of financial condition and results of operations*" and "*Principal shareholders*".

On July 2013, our subsidiary Gamenet Entertainment S.r.l entered into two purchase agreements with Romagna Giochi S.r.l. and Riviera Giochi S.r.l. relating to the purchase of 63 gaming halls, which are still subject to the receipt of the required authorizations. See "*Principal shareholders*".

In November 2010, in connection with Trilantic becoming our principal shareholder, our former principal shareholder, Criga, agreed to guarantee the payment of specific receivables, due from the distribution network for amounts in excess of €15 million, in cases of non-collection. During 2010 we performed an analysis of the receivables and recorded an impairment. In 2011, we determined that we could not recover a portion of these receivables, and as such recorded an additional impairment of €8.4 million, to bring the total impairment on the specific receivables to €15 million, which represented our maximum exposure as of December 31, 2011. In 2012, an amended contract was agreed pursuant to which Criga no longer guaranteed the receivables. As a result, in 2012 a further impairment of €8.9 million was recorded.

Additionally in 2010 we sold receivables to Criga below the book value and recorded a loss in the consolidated income statement, which we did not consider as tax deductible. In 2011, as result of a specific assessment made by external tax advisors, we submitted a request for repayment of tax of €4.1 million, relating to the tax which is considered to have been overpaid in connection with the abovementioned transaction and we recorded an extraordinary income of €4.1 million. The tax authority is currently reviewing our refund application.

Description of certain financing and guarantee arrangements

The following is a summary of the material terms of our principal financing arrangements. The agreements described herein are subject to the issuance of the Notes as described in this offering memorandum. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements. We recommend you refer to the actual agreements for further details, copies of which are available upon request.

Bank Guarantees to AAMS on behalf of Gamenet

On March 4, 2013, UniCredit issued the following bank guarantees in connection with our VLT and AWP concession (together, the "**UniCredit Guarantee**"):

- a bank guarantee for an amount, on such date, up to €47,119,308.20 in favor of AAMS in order to guarantee, *inter alia,* the payment of PREU, the concession fee and the deposit due by Gamenet in favor of AAMS. The UniCredit Guarantee is recalculated on an annual basis in an amount equal to one-twelfth of the amount of PREU, the concession fee and the deposit accrued during the previous year; and
- a bank guarantee for an amount up to €6,000,000.00 in favor of AAMS in order to guarantee, *inter alia,* the payment of the amounts due by Gamenet to AAMS for the release of the VLT and AWP concession, the correct functioning of the network for the online management of licit game through AWP and VLT and the observance of the technical and infrastructural capability for the entire duration of the concession.

Pursuant to the UniCredit Guarantee, no objections can be made by UniCredit against the request of enforcement by AAMS. The UniCredit Guarantee can be enforced up to five years after the term of the concession underlying the guarantee. If the UniCredit Guarantee is enforced by AAMS, we are required to reinstate the guarantee within 90 days from the date of the request by AAMS.

In case of enforcement of the UniCredit Guarantee, UniCredit will be entitled to recover the relevant amount from us. Our failure to pay such amounts would entitle UniCredit to, *inter alia*, enforce the collateral granted in its favor and UniCredit' s claims will be senior to the claims of the holders of the Notes to the extent of the value of the assets that secure said obligations.

On July 15, 2013, the arrangements reached between us, TCP and UniCredit on January 21, 2013 in respect of the obligations undertaken by us and TCP to obtain the UniCredit Guarantee have been amended by an agreement whereby, *inter alia*, we undertook as follows:

- to provide UniCredit, within September 30, 2013, evidence of the issuance, in favor of Gamenet or UniCredit, of bank guarantees or insurance guarantees or cash collateral deposits guaranteeing the obligations of the AWP and VLT operators for a total amount not lower than €15,000,000 and undertook to use commercially reasonable efforts to ensure that such guarantees—as far as issued for our benefit—will be amended so that also UniCredit will be beneficiary thereof and that—in case it would not be possible to amend such guarantees—the receivables arising under such guarantees will be assigned by way of security in favor of UniCredit;
- to create, within September 30, 2013, and maintain for the period during which the bank guarantees will be outstanding, a pledge in favor of UniCredit over the balance of the bank account where the amounts due to AAMS in respect of the PREU will be deposited. Such pledge agreement will provide that we will be free to use the amounts deposited in the pledged account in order to make any payment due to AAMS in relation to our VLT and AWP concession and to transfer the portion of the RID payments made by the AWP and VLT operators and that UniCredit will have the right to enforce the pledge in case of enforcement of the UniCredit Guarantee and only for an amount corresponding exactly to the amount of the relevant payments made by it to AAMS;
- to create, within September 30, 2013, a pledge over cash collateral for an amount of at least €3,000,000.00 in favor of UniCredit;

➤ to issue, within 10 business days from September 30, 2013, a corporate guarantee by the Issuer in favor of UniCredit to counter guarantee the bank guarantees issued by UniCredit as of such date in respect of the concessions and/or authorizations of our subsidiaries (as described below, in respect of the bank guarantees issued by UniCredit to guarantee the obligations of Gamenet Scommesse S.p.A., the Issuer has already issued a counter guarantee for an amount up to €6,688,000);

➤ to not transfer or pledge or constrain in favor of third parties, the rights arising from the counter guarantees mentioned above;

➤ to not incur further financial liabilities other than those permitted under the Indenture; and

➤ to not distribute dividends, earnings or reserves, other than those permitted under the Indenture.

The above arrangements with UniCredit will enter into force upon the repayment in full of all amounts outstanding under the Existing Senior Secured Credit Facility Agreement and the Shareholder Loans with part of the proceeds of the issuance of the Notes on or about the Issue Date. Accordingly, on the Issue Date, the guarantees and securities granted in favor of UniCredit in place at that time will be discharged, so that only the ones specified above in this paragraph will be granted in its favor.

Bank Guarantees to AAMS on behalf of Gamenet Scommesse S.p.A. ("Scommesse")

On July 1, 2013, UniCredit issued a bank guarantee for an amount up to €5,670,000 in favor of AAMS in order to guarantee the obligations of Scommesse arising from the concession for the exercise of public games granted to Gamenet Scommesse S.p.A. on May 29, 2013. No objections can be made by UniCredit against the request of enforcement by AAMS. The guarantee is valid for the entire duration of the concession plus 1 year and for the period of mandatory management provided for therein (i.e. until December 31 2017) and the amount of the guarantee is recalculated on an annual basis in accordance with AAMS's instructions.

On October 10, 2012 UniCredit issued a bank guarantee for an amount up to €3,000,000 in favor of AAMS and in the interest of Scommesse. Such bank guarantee was required in to order to participate in the procedure for the awarding of the concession for the exercise of public games mentioned above and was valid for a period of 1 year after the term for the filing of the request to participate in the procedure for the awarding of the concession of public games mentioned above.

On March 30, 2012, UniCredit issued a bank guarantee for an amount up to €200,000 in favor of AAMS and in the interest of Scommesse in order to guarantee, *inter alia*, the payment of PREU and of the concession fee in relation to the concession for the exercise of public games granted to Scommesse on February 24, 2012. No objections can be made by UniCredit against the request of enforcement by AAMS. The guarantee is valid for 3 years since the entering into of the convention for the concession plus 1 year (*i.e.* until June 30, 2016).

On February 2, 2007 Banca di Roma S.p.A. (now UniCredit) issued 2 bank guarantees in favor of AAMS in the interest of Scommesse in order to guarantee the obligations of the latter for the exercise of public games under the concession on online games in place on such date. The original amount of such guarantees (equal to, respectively, €125,003.66 and €2,135,902.14) has been increased to, respectively, €200,000 and €2,266,856.44 on May 4, 2011.

By virtue of a guarantee dated July 1, 2013, Gamenet counter guarantees for an amount up to €6,688,000 the obligations of Scommesse *vis-à-vis* UniCredit arising from, *inter alia*, the bank guarantees.

Other Indebtedness

We have three credit facilities with UniCredit for an available aggregate amount of €12,950,000. Such credit facilities are granted on the basis of standard banking terms and for an indefinite term and may be used for general corporate purposes also as revolving credit facilities. The bank has the right to revoke such credit facilities at any time. There will be no amounts outstanding under these facilities following the Offering.

In addition, we had at March 31, 2013 €0.3 million of debt under finance leases and the amount outstanding for a property mortgage.

Description of the Notes

The following is a description of the €200 million in aggregate principal amount of 7.25% senior secured notes due 2018 (the "Notes"). The Notes will be issued by Gamenet S.p.A., a *societa per azioni* incorporated under the laws of Italy (the "Company"), pursuant to an indenture to be entered into on the Issue Date (the "Indenture") among, *inter alios*, the Company, The Law Debenture Trust Corporation p.l.c., as trustee and legal representative of the holders of the Notes *(mandatario con rappresentanza)* and common representative *(rapprasentante comune)* of the holders of the Notes pursuant to articles 2417 and 2418 of the Italian civil code (the "Trustee") and The Law Debenture Trust Corporation p.l.c., as security agent (the "Security Agent"). The issuance of the Notes will not be subject to the registration requirements of the Securities Act. See "*Transfer Restrictions*".

In this "*Description of the Notes*," references to the "Company" refer only to Gamenet S.p.A., and any successor obligor to Gamenet S.p.A. on the Notes, and not to any of its subsidiaries. The definitions of certain terms used in this "*Description of the Notes*" are set forth below under the caption "*—Certain Definitions*". Certain defined terms used in this "*Description of the Notes*" but not defined under the caption "*—Certain Definitions*" have the meanings assigned to them in the Indenture.

The terms of the Notes include those set forth in the Indenture. The Indenture will not be qualified under, incorporate provisions by reference to, or be subject to, the Trust Indenture Act. Consequently, the Holders will not be entitled to the protections provided under the Trust Indenture Act to holders of debt securities issued under a qualified indenture, including those requiring the Trustee to resign in the event of certain conflicts of interest and to inform the Holders of certain relationships between it and the Company and any Guarantors.

The Security Documents referred to below under the caption "*—Collateral*" define the terms of the security that will secure the Notes. To the extent any Intercreditor Agreement is entered into in future, the Indenture, the Notes and any Guarantees thereof will be subject to the terms thereof.

The proceeds of the offering of the Notes sold on the Issue Date will be used to (i) to repay amounts outstanding under the Existing Senior Secured Credit Facility and the Shareholder Loans, (ii) to pay fees and expenses in connection with the Transactions, including the Initial Purchasers' discount and commission and the estimated expenses in respect of the Offering, and (iii) for general corporate purposes, as set forth in this Offering Memorandum under the caption "*Use of proceeds*".

This "*Description of the Notes*" provides a summary of the material provisions of the Indenture, the Notes and the Security Documents and also refers to an Intercreditor Agreement. However, this "*Description of the Notes*" does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all provisions of the aforementioned documents in their entirety. Because this "*Description of the Notes*" is a summary, it may not contain all the information that is important to you. You should read the Indenture, the form of Notes, the Security Documents, and any other applicable agreement in their entirety because they, and not this description, will define your rights as a holder of the Notes. Copies of the Indenture, the form of the Global Notes, the Security Documents and any Intercreditor Agreement entered into in the future will be made available to you as described under the heading "*Where you can find additional information*" and "*Listing and general information*".

The Company intends to make an application to list the Notes on the Official List of the Luxembourg Stock Exchange and for the Notes to be admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange (the "Euro MTF Market"). However, there can be no guarantee that such application will be accepted or approved as of the Issue Date or at any time thereafter, and settlement of the Notes is not conditioned on obtaining this listing. See also "*—Methods of Receiving Payments on the Notes*" and "*—Paying Agent and Registrar for the Notes*".

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

GENERAL

The Notes

The Notes will:

- be a general senior obligation of the Company;
- be secured on a first-priority basis in respect of the Collateral as set forth below under the caption "*—Security—Collateral*";
- rank *pari passu* in right of payment to any existing or future obligations of the Company that are not subordinated in right of payment to the Notes;
- rank senior in right of payment to any existing or future obligations of the Company that are expressly subordinated in right of payment to the Notes, if any;
- be effectively subordinated to any existing and future obligations of the Company that are secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such obligations; and
- be structurally subordinated to any existing and future indebtedness of Subsidiaries of the Company that do not Guarantee the Notes.

On the Issue Date, none of the Company's Subsidiaries will Guarantee the Notes. See "*—Restricted Subsidiaries and Unrestricted Subsidiaries*". Subsidiaries of the Company may become Guarantors of the Notes pursuant to the Indenture, and may be required to provide a Guarantee of the Notes under certain circumstances, see "*—Certain Covenants—Future Guarantees and Collateral*".

Principal and Maturity

The Company will issue €200 million in aggregate principal amount of Notes on the Issue Date. The Notes will mature on August 1, 2018. The Notes will be issued in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The rights of holders of beneficial interests in the Notes to receive the payments on such Notes are subject to applicable procedures of Euroclear and Clearstream. If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Interest

Interest on the Notes will accrue at a rate equal to 7.25% per annum.

Interest on the Notes will:

- accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid;
- be payable in cash semi-annually in arrears on each February 1 and August 1, commencing on February 1, 2014;
- be payable to the holder of record of such Notes on January 15 and July 15 immediately preceding the related interest payment date; and
- be computed on the basis of a 360-day year and the actual number of days elapsed.

Additional Notes

From time to time, subject to the Company's compliance with the covenants described under the heading "*—Certain Covenants—Limitation on Indebtedness*" and "*Certain Covenants—Limitation on Liens*", the Company is permitted to issue additional Notes, which shall have identical terms and conditions as the Notes, except as to the first interest payment date (the "Additional Notes"). Such Additional Notes will be treated, along with all other Notes, as a single class for all purposes under the Indenture with respect to waivers, amendments, redemptions and all other matters which are not specifically distinguished for such series; provided, however, that such Additional Notes shall be issued with a separate CUSIP or ISIN than the Notes offered herein, unless such Additional Notes are issued pursuant to a qualified reopening for U.S. federal income tax purposes. Unless the context otherwise requires, for all purposes of the Indenture and this "*Description of the Notes*," references to the "Notes" shall be deemed to include references to the Notes initially issued on the Issue Date as well as any Additional Notes that are issued in the future.

Methods of Receiving Payments on the Notes

Principal, premium, if any, interest and Additional Amounts, if any, on the Global Notes will be payable at the specified office or agency of one or more Paying Agents; *provided* that all such payments with respect to Notes represented by one or more Global Notes registered in the name of or held by the common depositary (or its nominee, as applicable) for Euroclear or Clearstream will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, premium, if any, interest and Additional Amounts, if any, on any certificated securities ("Definitive Registered Notes") will be payable at the specified office or agency of one or more Paying Agents in the City of London maintained for such purposes. In addition, interest on the Definitive Registered Notes may be paid by check mailed to the person entitled thereto as shown on the register for the Definitive Registered Notes. See "*—Paying Agent and Registrar for the Notes*".

Paying Agent and Registrar for the Notes

The Company will maintain one or more paying agents (each, a "Paying Agent") for the Notes in the City of London. The Company will also undertake to maintain a paying agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC regarding the taxation of savings income (the "Directive"). The initial Paying Agent for the Notes will be Deutsche Bank AG, London Branch.

The Company will also maintain one or more registrars (each, a "Registrar") with offices in Luxembourg for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and its rules so require. The Company will also maintain a transfer agent. The initial Registrar and the initial transfer agent will be Deutsche Bank Luxembourg S.A. in Luxembourg. The Registrar will maintain a register for the Notes reflecting ownership of Definitive Registered Notes outstanding from time to time and will make payments on and facilitate transfer of Definitive Registered Notes on behalf of the Company.

The Company may change any Paying Agent, Registrar or transfer agent for the Notes without prior notice to the Holders. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, the Company will publish a notice of any change of Paying Agent, Registrar or transfer agent in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Luxembourg Stock Exchange *(www.bourse.lu)*.

Transfer and Exchange

The Notes will initially be issued in the form of registered notes in global form without interest coupons, as follows:

- Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "144A Global Notes"). The 144A Global Notes will, upon issuance, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.
- Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "Regulation S Global Notes" and, together with the 144A Global Notes, the "Global Notes"). The Regulation S Global Notes will, upon issuance, be deposited with and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Global Notes ("Book-Entry Interests") will be limited to persons that have accounts with Euroclear or Clearstream or persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Transfer restrictions*". In addition, transfers of Book-Entry Interests between participants in Euroclear or Clearstream will be effected by Euroclear or Clearstream, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream, as applicable, and their respective participants.

Book-Entry Interests in the 144A Global Notes may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Regulation S Global Notes only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Prior to 40 days after the date of initial issuance of the Notes, ownership of Book-Entry Interests in Regulation S Global Notes will be limited to persons that have accounts with Euroclear or Clearstream or persons who hold interests through Euroclear or Clearstream, and any sale or transfer of such interest to U.S. persons shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A under the Securities Act. Subject to the foregoing, Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under "*Transfer restrictions*" and in accordance with any applicable securities law of any other jurisdiction.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of €100,000 aggregate principal amount and integral multiples of €1,000 in excess thereof upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Company to be in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under "*Transfer restrictions*"

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of €100,000 in aggregate principal amount and integral multiples of €1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at Euroclear or Clearstream, as applicable, to furnish certain certificates and opinions, and to pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any Taxes payable in connection with such transfer or exchange.

Notwithstanding the foregoing, the Company is not required to register the transfer or exchange of any Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of such Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of such Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date applicable to such Notes; or

(4) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Disposition Offer.

The Company, the Trustee, the Registrar and the Paying Agents will be entitled to treat the Holder of a Note as the owner of it for all purposes.

Restricted Subsidiaries and Unrestricted Subsidiaries; Other Secured Obligations of the Company

Upon issuance of the Notes, all the Company's Subsidiaries will be Restricted Subsidiaries. In the circumstances described below under "*—Certain Definitions—Unrestricted Subsidiary*," the Company will be permitted to designate Restricted Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

On the Issue Date, none of the Company's Subsidiaries will Guarantee the Notes. As of and for the twelve months ended March 31, 2013, the Company accounted for 98.2% of the consolidated revenues and income, 101.1% of the consolidated adjusted EBITDA and 95.4% of the consolidated total assets of the Company and its consolidated subsidiaries and as of March, 2013, on a *pro forma* basis for the issuance of the Notes and the application of the proceeds therefrom, the Subsidiaries of the Company that did not Guarantee the Notes had €0.3 million financial indebtedness and had €4.1 million of other liabilities outstanding. We also have arrangements with UniCredit S.p.A. ("**UniCredit**") pursuant to which they have issued bank guarantees in order to guarantee the performance by us of the obligation to transfer to AAMS the PREU, pay to AAMS the annual fee (*canone annuale*) and fulfill certain of our obligations under our concession with AAMS. The relevant obligations and the guarantees are not recorded as financial indebtedness on our balance sheet (and do not constitute Indebtedness) and the guarantees are accounted for as off-balance sheet items. As security for these arrangements, we have assigned guarantees (both as bank sureties and cash collateral) provided to us by customers equal to approximately €24.6 million as at March 31, 2013. Upon the repayment in full of all amounts outstanding under the Existing Senior Secured Credit Facility Agreement and under the Shareholder Loans (with a portion of the proceeds of the issuance of the Notes), certain updated arrangements with UniCredit will come into force, pursuant to which, *inter alia*, the existing securities and guarantees granted in favor of UniCredit will be substituted by (i) the undertaking—on a best effort basis—to assign to UniCredit, or to have UniCredit added as a beneficiary thereof, guarantees or insurance guarantees or cash collateral deposits provided to us by customers for a total amount of not less than €15,000,000, (ii) a pledge over the balance of the bank account where the amounts due to AAMS in respect of the PREU will be deposited; (iii) a pledge over cash and cash equivalent collateral for an amount of at least €3,000,000; and (iv) a corporate guarantee from the Company counter-guaranteeing the bank guarantees issued by UniCredit in respect of the concessions and/or authorizations of our subsidiaries. In the event a bank guarantee granted by UniCredit is enforced by AAMS, we are required to reinstate the guarantee within 90 days from the date of the request by AAMS. In case of enforcement of the bank guarantee, UniCredit is entitled to recover the relevant amount from us. Our failure to pay such amounts would entitle UniCredit to, inter alia, enforce the collateral granted in its favor. See "*Description of certain financing and guarantee arrangements—Bank Guarantees to AAMS on behalf of Gamenet*". These foregoing arrangements in favor of UniCredit will not be granted in favor of the Notes and and UniCredit's claims against the Company in respect of its obligations under the bank guarantees will be senior to the claims of the holders of the Notes to the extent of the value of the assets that secure these obligations. Claims of creditors of non-Guarantor Subsidiaries, including trade creditors, secured creditors (including under the arrangements with Unicredit described above) and creditors holding debt and guarantees issued by those Subsidiaries, and claims of preferred and minority stockholders (if any) of those Subsidiaries generally will have priority with respect to the assets and earnings of those Subsidiaries over the claims of creditors of the Company, including Holders of the Notes. The Notes and any Guarantee thereof therefore will be effectively subordinated to creditors (including trade creditors) and preferred and minority stockholders (if any) of Subsidiaries of the Company (other than Guarantors). Although the Indenture limits the incurrence of Indebtedness, Disqualified Stock and Preferred Stock of Restricted Subsidiaries, the limitation is subject to a number of significant exceptions. Moreover, the Indenture does not impose any limitation on the incurrence by Restricted Subsidiaries of liabilities that are not considered Indebtedness, Disqualified Stock or Preferred Stock under the Indenture. See "*—Certain Covenants—Limitation on Indebtedness*". Subsidiaries of the Company may become Guarantors of the Notes pursuant to the Indenture, and may be required to provide a Guarantee of the Notes under certain circumstances, see "*—Certain Covenants—Future Guarantees and Collateral*".

As described below under "*—Certain Covenants and Collateral—Future Guarantees*" and subject to any Intercreditor Agreement, the Indenture will (i) require the Company to cause any Restricted Subsidiary that is not an Immaterial Subsidiary or (ii) any Restricted Subsidiary that guarantees, directly or indirectly, the payment of any Indebtedness of the Company or a Guarantor, to provide a Guarantee of the Notes.

Each Guarantee of the Notes will be limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable provision of foreign or state law, or as otherwise required under any Intercreditor Agreement to comply with corporate benefit, financial assistance and other laws. See "*—Future Guarantees and Collateral*". By virtue of this limitation, a Guarantor's obligation under its Guarantee of the Notes could be significantly less than amounts payable with respect to the Notes, or a Guarantor may have effectively no obligation under its Guarantee of the Notes.

SECURITY

Collateral

The Notes will be secured by first-ranking Liens over the Collateral.

As of the Issue Date, the Collateral will consist of a pledge over all of the issued Capital Stock (including all shares and any outstanding warrants in respect thereof) of the Company held by Holdco (the "Company Capital Stock Pledge"), which on the Issue Date, represent 70.0% and 91.1% (on a fully diluted basis assuming all warrants held by Holdco and other shareholders of the Company are exercised), respectively, of the outstanding shares and Capital Stock of the Company. Upon the fulfillment of certain conditions, CRIGA has the option to purchase up to 50,000 Gamenet class A shares held by Holdco, in which event, assuming no other changes in the ownership of the Company's Capital Stock, Holdco would own 68.1% and 90.7%, respectively, of the outstanding shares and Capital Stock of the Company. If such option is exercised by CRIGA, the shares subject to such option shall be released from the Company Capital Stock Pledge. Also, upon the satisfaction of certain conditions, Holdco has the option to purchase up to 200,000 Gamenet class A shares held by CRIGA. According to the terms of the Company Capital Stock Pledge, to the extent that Holdco purchases additional Company shares from CRIGA following the exercise of such option by Holdco or New Holdco, as the case may be, those additional shares will become subject to the Company Capital Stock Pledge. For more information regarding the classes of shares, warrants and call options relating to the Capital Stock of the Company, see "*Principal shareholders—Classes of Shares*" and "*Principal Shareholders—Warrants*". The Collateral and certain other assets of the Company and its Restricted Subsidiaries were previously pledged in favor of the Existing Senior Secured Credit Facility Agreement and these security interests will be released on the Issue Date following the use of part of the proceeds of the Offering to repay the Existing Senior Secured Credit Facility.

Any additional security interests that may in the future be pledged to secure obligations under the Notes and the Indenture would also constitute Collateral.

Subject to certain conditions, including compliance with the covenant described under "*—Certain Covenants—Impairment of Security Interest,*" security is permitted to be granted over the Collateral in connection with future issuances of the Indebtedness of the Company or the Restricted Subsidiaries, including obligations under Hedging Agreements and any Additional Notes, in each case, as permitted under the Indenture and any Intercreditor Agreement.

Administration of Security and Enforcement of Liens

The Security Documents and the Collateral will be administered by the Security Agent for the benefit of all holders of secured obligations. The enforcement of the Security Documents will be subject to the procedures set forth in the Security Documents and any Intercreditor Agreement.

The ability of holders of the Notes to realize upon the Collateral will be subject to various bankruptcy law limitations in the event of the Company's or another grantor's bankruptcy. See "*Risk Factors—Risks Related to the Notes—The insolvency laws of Italy may not be as favorable to holders of Notes as U.S. insolvency laws or those of another jurisdiction with which you may be familiar", "Risk Factors—Risks Related to the Notes—Fraudulent conveyance and similar laws may adversely affect the validity and enforceability of the Notes and the Collateral*" and "*Limitations on validity and enforceability of the the security interests and certain insolvency law considerations*". In addition, the enforcement of the Collateral will be contractually limited to reflect limitations under applicable law to comply with corporate benefit, financial assistance and other laws. As a result of these limitations, the enforceable amounts of the Company's obligation under the Notes could be significantly less than the total amounts payable with respect to the Notes. See "*Risk Factors—Risks Related to the Notes—The security interests in the Collateral may be restricted by Italian law*", "*Risk Factors—Risks Related to the Notes—The Notes will be secured only to the extent of the value of the assets that have been granted as security for the Notes and there can be no assurance that the holders of the Notes will benefit from an increased ownership percentage in the Issuer's share capital as a result of the exercise of the warrants because TCP is not obligated to exercise its warrants*" and "*Risk Factors—Risks Related to the Notes—It may be difficult to realize the value of the Collateral, and an enforcement action may result in the termination of concessions*".

Subject to the terms of the Security Documents, Holdco, the Company and any Guarantors will have the right to remain in possession and retain exclusive control of the Collateral (other than as set forth in the Security Documents), to freely operate the Collateral and to collect, invest and dispose of any income therefrom. No appraisals of any of the Collateral have been prepared by or on behalf of the Company in connection with the issuance of the Notes. There can be no assurance that the proceeds from the sale of the Collateral would be sufficient to satisfy the obligations owed to the holders of the Notes or the payment of obligations under any other indebtedness secured by the Collateral, as permitted by the terms of the Indenture. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral can be sold in a short period of time or at all. In addition, any future Intercreditor Agreement is expected to place limitations on the ability of the Security Agent to cause the sale of some of the Collateral.

Priority

Pursuant to one or more intercreditor agreements entered into after the Issue Date in accordance with the covenant entitled "Intercreditor Agreements" (an "Intercreditor Agreement"), the Collateral may be pledged to secure other Indebtedness and obligations under Hedging Agreements. The relative priority with regard to the Collateral as between the Trustee and the holders under the Indenture and any future Indebtedness permitted to be secured by the Collateral, will be established by the terms of an Intercreditor Agreement and the Security Documents, which may provide that the obligations under certain future Indebtedness and Hedging Agreements will receive proceeds on enforcement of security over the Collateral in priority to the Notes. See "*—Intercreditor Agreements*".

Release of Liens

The Security Agent will take any action required to effectuate any release of Collateral that is required by a Security Document:

(1) in connection with any disposition of any Collateral (except as provided under clause (11) below, other than the Company Capital Stock Pledge), directly or indirectly, to any Person other than the Company or any of the Restricted Subsidiaries that is not prohibited by the Indenture;

(2) upon payment in full of principal, interest and all other obligations in respect of the Notes issued under the Indenture or discharge or defeasance thereof in accordance with the Indenture;

(3) in the case of any future Guarantor that is released from its Guarantee (with respect to the Liens securing such Guarantee granted by such Guarantor and the Liens on Capital Stock of such Guarantor) in accordance with the Indenture;

(4) if the Company designates any of its Restricted Subsidiaries to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property, assets and Capital Stock of such Restricted Subsidiary;

(5) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the headings "*—Defeasance*" and "*—Satisfaction and Discharge;*"

(6) upon the full and final payment of the Notes;

(7) as described under "*—Amendments and Waivers;*"

(8) as described under "*—Certain Covenants—Impairment of Security Interest;*"

(9) automatically without any action by the Trustee or the Security Agent, if the Lien granted in favor of Indebtedness that gave rise to the obligation to grant the Lien over such Collateral pursuant to clause (a)(2) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Liens*" is released (other than pursuant to the repayment and discharge thereof); provided that after the release there is no other Indebtedness secured by a Lien on the property and assets that was the subject of the Initial Lien that would result in the requirement for the Notes and any Guarantee of the Notes to be secured equally and ratably with, or prior to, such Lien, and such release would otherwise be permitted by another clause above;

(10) in connection with certain enforcement actions taken under an Intercreditor Agreement; or

(11) in respect of up to 50,000 class A shares of the Company, the transfer of such shares to CRIGA upon the exercise of CRIGA's Call Option as described under "*Principal shareholders—Call options between TCP and CRIGA*".

Each of these releases shall be effected by the Security Agent and the Trustee (to the extent required) without the consent of the Holders.

The Company and its Restricted Subsidiaries may also, among other things, without any release or consent by the Trustee or the Security Agent, conduct any other action not prohibited by the Security Documents or any Intercreditor Agreement.

Permitted Reorganization

Our shareholders are considering certain corporate reorganization transactions which certain or all of them may undertake in future to insert a new direct holding company above the Company ("New Holdco"), including in connection with potential debt or equity capital market transactions that may be undertaken by New Holdco. New Holdco, if formed, will not guarantee the Notes and its shares will not be pledged to secure the Notes. The Indenture governing the Notes will permit this corporate reorganization without the consent of holders of the Notes, provided that the requirements of the Indenture are fulfilled, see "*—Certain Covenants—Permitted Reorganization*". In the event the Permitted Reorganization occurs, the shares of the Company and, if still in existence or if not otherwise already exercised, warrants for certain shares of the Company held by Holdco and securing the Notes will be transferred to New Holdco subject to the security interest created under the Company Capital Stock Pledge. See "*Risk Factors—Risks Related to the Notes—The granting of the security interests in the Collateral and the undertaking of a Permitted Reorganization may create hardening periods for such security interests in accordance with Italian law*".

Optional Redemption

Except as set forth herein and under "*—Redemption for Taxation Reasons*", the Notes are not redeemable at the option of the Company.

At any time prior to August 1, 2015, the Company may redeem the Notes in whole or in part, at its option, upon not less than 30 days' nor more than 60 days' prior notice, at a redemption price equal to 100% of the principal amount thereof plus the Applicable Premium and accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date).

At any time and from time to time on or after August 1, 2015, the Company may redeem the Notes in whole or in part, at its option, upon not less than 30 days' nor more than 60 days' prior notice, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date):

	Redemption Prices
From August 1, 2015 to July 31, 2016	103.625%
From August 1, 2016 to July 31, 2017	101.8125%
From August 1, 2017 and thereafter	100.0%

At any time and from time to time prior to August 1, 2015, the Company may redeem up to 40% of the aggregate principal amount of the Notes (including Additional Notes), upon not less than 30 days' nor more than 60 days' prior notice, with funds in an aggregate amount not exceeding the Net Cash Proceeds of one or more Equity Offerings at a redemption price equal to 107.25% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided* that:

(1) at least 60% of the aggregate principal amount of the Notes issued remains outstanding immediately after each such redemption; and

(2) the redemption occurs within 120 days after the closing of such Equity Offering.

Notice of any redemption upon any Equity Offering may be given prior to the completion thereof.

Any redemption and notice of redemption may, at the Company's discretion, be subject to the satisfaction of one or more conditions precedent (including, in the case of a redemption related to an Equity Offering, the consummation of such Equity Offering). If the Company effects an optional redemption of the Notes, it will, for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, inform the Luxembourg Stock Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Company.

Sinking Fund; Open Market Purchases

The Company will not be required to make mandatory redemption payments or sinking fund payments with respect to the Notes. The Company and its Restricted Subsidiaries may at any time and from time to time effect purchases of the Notes in the open market, negotiated transactions or otherwise.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Registrar will select the Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, as certified to the Registrar by the Company, and in compliance with the requirements of Euroclear or Clearstream, or if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through Euroclear or Clearstream or Euroclear or Clearstream prescribes no method of selection, on a *pro rata* basis; *provided*, *however*, that no Note of €100,000 in aggregate principal amount or less shall be redeemed in part and only Notes in integral multiples of €1,000 will be redeemed. The Registrar will not be liable for any selections made by it in accordance with this paragraph.

So long as any Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, any such notice to the Holders of the relevant Notes shall to the extent and in the manner permitted by such rules be posted on the official website of the Luxembourg Stock Exchange *(www.bourse.lu)* and in addition to such release, not less than 30 days nor more than 60 days prior to the redemption date, the Company will mail, or at the expense of the Company, cause to be mailed, such notice to Holders by first-class mail, postage prepaid, at their respective addresses as they appear on the registration books of the relevant Registrar. Such notice of redemption may also be posted on the website of the Luxembourg Stock Exchange *(www.bourse.lu),* to the extent and in the manner permitted by the rules of the Luxembourg Stock Exchange.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed, in which case a portion of the original Note will be issued in the name of the Holder thereof upon cancellation of the original Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice (including any conditions contained therein), Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of them called for redemption.

Redemption for Taxation Reasons

The Company may redeem the Notes in whole, but not in part, at any time upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice will be irrevocable) at a redemption price equal to 100% of the outstanding principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "Tax Redemption Date") (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts (see "*—Withholding Taxes*"), if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if the Company determines in good faith that, as a result of:

(1) any change in, or amendment to, the laws or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined below) affecting taxation; or

(2) any change in or amendment to an official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including pursuant to a holding, judgment or order by a court of competent jurisdiction or change in published administrative practice) of a Relevant Taxing Jurisdiction (each of the foregoing in clauses (1) and (2), a "Change in Tax Law"),

the Payor (as defined under "*—Withholding Taxes*") is, or on the next interest payment date in respect of the Notes would be, required to pay any Additional Amounts (but, in the case of a Guarantor, only if the payment giving rise to such requirement cannot reasonably be made by the Company or another Guarantor who can make such payment without the obligation to pay Additional Amounts), and such obligation cannot be avoided by taking reasonable measures available to such Payor (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable), *provided* that no Payor shall be required to take any measures that in such Payor's good-faith determination would result in the imposition on such person of any legal or regulatory burden. Such Change in Tax Law must be announced and become effective on or after the date of this Offering Memorandum (or if the applicable Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the date of this Offering Memorandum, such later date). Notice of redemption for taxation reasons will be published in accordance with the procedures described under "*—Selection and*

Notice". Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 60 days prior to the earliest date on which the Payor would be obliged to make such payment of Additional Amounts if a payment in respect of the Notes were then due and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and that it would not be able to avoid the obligation to pay Additional Amounts by taking reasonable measures available to it (including, in the case of a Guarantor, that the payment giving rise to such requirement cannot reasonably be made by the Company or another Guarantor who can make such payment without the obligation to pay Additional Amounts) and (b) a written opinion of an independent tax counsel of recognized standing to the effect that the Payor has been or will become obligated to pay Additional Amounts as a result of a Change in Tax Law. The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

The foregoing will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is incorporated or organized and/or otherwise considered to be a resident for tax purposes or any political subdivision or Governmental Authority thereof or therein having the power to tax. Any redemption and notice described above will be subject to the receipt by any Paying Agent of sufficient funds from a Payor to pay the full redemption price payable to Holders on or before the Tax Redemption Date.

Withholding Taxes

All payments made by or on behalf of the Company or any Guarantor (each, a "Payor") in respect of the Notes or any Guarantee, as applicable, will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) Italy or any political subdivision or Governmental Authority thereof or therein having power to tax;

(2) any jurisdiction from or through which payment on any such Note is made, or any political subdivision or Governmental Authority thereof or therein having the power to tax; or

(3) any other jurisdiction in which a Payor is incorporated, engaged in business for tax purposes, organized or otherwise considered to be a resident for tax purposes, or any political subdivision or Governmental Authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a "Relevant Taxing Jurisdiction"),

will at any time be required to be made from any payments made with respect to any Note or Guarantee thereof, as applicable, including payments of principal, redemption price, premium, if any, or interest, the Payor will pay (together with such payments) such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received in respect of such payments after such withholding or deduction (including any such deduction or withholding from such Additional Amounts) will equal the amounts which would have been received in respect of such payments on any such Note in the absence of such withholding or deduction; *provided*, *however*, that no such Additional Amounts will be payable for or on account of:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder or the beneficial owner of a Note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder or beneficial owner, if the relevant Holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including, without limitation, being resident for tax purposes, or being a citizen or resident or national or domiciliary of, or carrying on a business or maintaining a permanent establishment in, or being physically present in the Relevant Taxing Jurisdiction)

but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or the receipt of any payment or the exercise or enforcement of rights under such Note, any Guarantee or the Indenture;

(2) any Taxes that are imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply (to the extent it is legally entitled to do so) with a written request of the Payor or any other person through whom payment can be made addressed to the Holder, after reasonable notice, to provide certification, information, documents or other evidence concerning the nationality, residence or identity of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, in each case, that is required by a statute, treaty, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Taxes;

(3) any Taxes that are payable otherwise than by deduction or withholding from a payment of the principal of, premium, if any, or interest, if any, on the Notes or with respect to any Guarantee;

(4) any estate, inheritance, gift, value added, sales, use, transfer, personal property or similar Tax, assessment or other governmental charge;

(5) any Taxes that are required to be deducted or withheld on a payment to an individual and that are required to be made pursuant to Council Directive 2003/48/EC, any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on taxation of savings income or any law or administrative practice implementing or complying with, or introduced in order to conform to such Directives;

(6) any Taxes imposed in connection with a Note presented for payment (where presentation is permitted or required for payment) by or on behalf of a Holder or beneficial owner who would have been able to avoid such Tax by presenting the relevant Note to, or otherwise accepting payment from, another Paying Agent in a Member State of the European Union;

(7) any Taxes that are imposed or withheld pursuant to Sections 1471 through 1474 of the Code (or any amended or successor version of such sections), any regulations promulgated thereunder, any official interpretations thereof or any agreements entered into in connection with the implementation thereof;

(8) any Taxes to the extent such Taxes are on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of April 1, 1996, as amended or supplemented from time to time ("Legislative Decree No. 239") and any related implementing regulations, and pursuant to Italian Legislative Decree No. 461 of November 21, 1997; provided that:

   (i) Additional Amounts shall be payable in circumstances in which the procedures required under Legislative Decree No. 239 in order to benefit from an exemption from *imposta sostitutiva* have not been complied with due to the actions or omissions of the Payor or their agents;

   (ii) for the avoidance of doubt, (A) no Additional Amounts shall be payable with respect to any Taxes to the extent such Taxes result from payment to a non-Italian resident legal entity or a non-Italian resident individual which are subject to *imposta sostitutiva* by reason of not being resident in a country which allows for a satisfactory exchange of information with Italy (white list) and (B) no Additional Amounts shall be payable with respect to Taxes to the extent such Taxes are on account of *imposta sostitutiva* if the Holder becomes subject to *imposta sostitutiva* after the Issue Date by reason of the approval of the ministerial Decree to be issued under art. 168-bis D.P.R. No. 917 of 22nd December 1986 which may amend the list of the countries which allow for a satisfactory exchange of information with Italy, whereby such Holder's country of residence does not appear on the new list; or

(9) any combination of the above.

Such Additional Amounts will also not be payable (x) if the applicable payment made by the Payor with respect to any Note could have been made without such deduction or withholding if the Holder or beneficial owner had presented the Note for payment (where presentation is permitted or required for payment) within 30 days after the relevant payment was first made available for payment to the Holder (except to the extent that the Holder would have been entitled to Additional Amounts had the Notes been presented on the last day of such 30-day period) or (y) where, had the beneficial owner of the Note been the Holder, such beneficial owner would not have been entitled to payment of Additional Amounts by reason of any of clauses (1) to (9) inclusive above.

In addition, no Additional Amounts shall be paid with respect to any payment to any Holder who is a fiduciary or a partnership or other than the sole beneficial owner of such Notes to the extent that the beneficiary or settlor with respect to such fiduciary, the member of such partnership or the beneficial owner of such Notes would not have been entitled to Additional Amounts had such beneficiary, settlor, member or beneficial owner held such Notes directly.

The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the relevant taxing authority in accordance with applicable law. Upon request, the Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, in such form as provided in the ordinary course by the Relevant Taxing Jurisdiction and as is reasonably available to the Payor and will provide such certified copies to the Paying Agent or Registrar or directly to the Holders. Such copies shall be made available by the Paying Agent or Registrar to the Holders upon request.

If any Payor will be obligated to pay Additional Amounts under or with respect to any payment made on any Note or Guarantee thereof, then, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee will be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

Wherever in the Indenture or this "*Description of the Notes*" there are mentioned, in any context:

(1) the payment of principal;

(2) purchase or redemption prices in connection with a purchase or redemption of Notes;

(3) interest; or

(4) any other amount payable on or with respect to any of the Notes or any Guarantee thereof,

such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay (and indemnify the Holder for) any present or future stamp, court or documentary taxes, or any other property or similar taxes, charges or levies (including any interest and penalties related thereto) that arise in and are levied by any Relevant Taxing Jurisdiction on the execution, delivery, issuance, registration or enforcement of any Notes, the Guarantee, the Indenture, the Security Documents or any other document or instrument in relation thereto (other than a transfer of the Notes other than the initial resale by the initial purchasers) or on the receipt of any payments with respect thereto (limited, solely in the case of Taxes attributable to the receipt of any payments with respect thereto, to any Taxes that are not excluded under clauses (1), (2) or (4) through (8) above or any combination thereof) excluding, for avoidance of doubt, any such property, wealth or similar taxes, charges or levies imposed in relation to the mere holding or possession of the Notes and/or any such taxes, charges or levies imposed by any jurisdiction that is not a Relevant Taxing Jurisdiction. The foregoing obligations of this paragraph will survive any termination, defeasance or discharge of the Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor to a Payor is organized, engaged in business for tax purposes or otherwise resident for tax purposes, or any jurisdiction from or through which payment on the Notes or Guarantees thereof is made, or any political subdivision or Governmental Authority thereof or therein having the power to tax.

Change of Control

If a Change of Control occurs, subject to the terms hereof, each Holder will have the right to require the Company to repurchase all or part (equal to €100,000 aggregate principal amount and integral multiples of €1,000 in excess thereof) of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided*, *however*, that the Company shall not be obliged to repurchase Notes as described under this "—*Change of Control*" section in the event and to the extent that it has unconditionally exercised its right to redeem all of the Notes as described under "—*Optional Redemption*" and has not defaulted in the payment of the applicable redemption price or all conditions to such redemption have been satisfied or waived.

Unless the Company has unconditionally exercised its right to redeem all the Notes as described under "—*Optional Redemption*" and has not defaulted in the payment of the applicable redemption price or all conditions to such redemption have been satisfied or waived, no later than the date that is 30 days after any Change of Control, the Company will mail a notice (the "*Change of Control Offer*") to each Holder of any such Notes, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Company to purchase such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest and Additional Amounts, if any, to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) (the "Change of Control Payment");

(2) stating the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "Change of Control Payment Date");

(3) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(4) describing the procedures determined by the Company, consistent with the Indenture, that a Holder must follow in order to have its Notes repurchased; and

(5) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

On the Change of Control Payment Date, if the Change of Control shall have occurred, the Company will, to the extent lawful:

(1) accept for payment all Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered;

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the Paying Agent the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Company; and

(5) in the case of Definitive Registered Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Registered Notes accepted for purchase by the Company.

If any Definitive Registered Notes have been issued, the relevant Paying Agent will promptly mail to each Holder of Definitive Registered Notes so tendered the Change of Control Payment for such Notes, and the Trustee or an authenticating agent will promptly authenticate (or cause to be authenticated) and mail (or cause to be transferred by book entry) to each Holder of Definitive Registered Notes a new Note equal in aggregate principal amount to the unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in an aggregate principal amount that is at least €100,000 and integral multiples of €1,000 in excess thereof.

If and for so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, the Company will publish notices relating to the Change of Control Offer as soon as reasonably practicable after the Change of Control Payment Date in a leading newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, post such notices on the official website of the Luxembourg Stock Exchange *(www.bourse.lu)*.

The Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Company repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The existence of a Holder's right to require the Company to repurchase such Holder's Notes upon the occurrence of a Change of Control may deter a third party from seeking to acquire the Company or its Subsidiaries in a transaction that would constitute a Change of Control.

The Company will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

The Company will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of the Indenture, the Company will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations, or require a repurchase of the Notes, under the Change of Control provisions of the Indenture by virtue of the conflict.

Future debt of the Company or its Subsidiaries may prohibit the Company from purchasing Notes in the event of a Change of Control or provide that a Change of Control is a default or requires repurchase upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Company to purchase the Notes could cause a default under, or require a repurchase of, other debt, even if the Change of Control itself does not, due to the financial effect of the purchase on the Company.

In the event that a Change of Control is also a Specified Change of Control Event, the Company will not have to make a Change of Control Offer. See "*Certain Definitions—Change of Control*" and "*—Specified Change of Control Event*".

Finally, the Company's ability to pay cash to the Holders following the occurrence of a Change of Control may be limited by the Company's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "*Risk Factors—Risks Related to the Notes—Future liquidity and cash flow difficulties could prevent us from repaying the Notes when due or repurchasing the Notes when we are required to do so pursuant to certain events constituting a change of control or otherwise, and the change of control provision contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events*".

The definition of "Change of Control" includes a disposition of all or substantially all of the property and assets of the Company and its Restricted Subsidiaries taken as a whole to specified other Persons. Although there is limited case law interpreting the phrase "substantially all", there is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of "all or substantially all" of the property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Company to make an offer to repurchase the Notes as described above.

The provisions of the Indenture relating to the Company's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the written consent of Holders of a majority in outstanding aggregate principal amount of the Notes under the Indenture.

Certain Covenants

Limitation on Indebtedness

The Company will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided*, *however*, that:

(1) the Company and any Guarantor may Incur Indebtedness if on the date of such Incurrence and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds thereof), the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries is at least 2.0 to 1.0; and

(2) to the extent that the Indebtedness is Secured Indebtedness, the Company and any Guarantor may Incur such Secured Indebtedness if on the date of such Incurrence and after giving *pro forma* effect thereto (including *pro forma* application of the proceeds therefrom), the Consolidated Secured Leverage Ratio for the Company and its Restricted Subsidiaries would have been no greater than 3.0 to 1.0.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness Incurred pursuant to any Credit Facility (including letters of credit or bankers' acceptances issued or created under any Credit Facility), and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding (i) the greater of (x) €35.0 million and (y) 35.0% of Consolidated EBITDA (measured at the time of incurrence) plus (ii) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(2) (a) Guarantees by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary, in each case, so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture (other than pursuant to this clause (2)); *provided* that, if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes or a Guarantee, then the guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed; or

(b) without limiting the covenant described under "—*Limitation on Liens*," Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Company or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of the Indenture (other than pursuant to this clause (2));

(3) Indebtedness of the Company owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Company or any Restricted Subsidiary; *provided*, *however*, that:

(a) (i) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Company or a Restricted Subsidiary; and

(ii) any sale or other transfer of any such Indebtedness to a Person other than the Company or a Restricted Subsidiary, shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (3) by the Company or such Restricted Subsidiary, as the case may be; and

(b) if the Company or a Guarantor is the obligor on such Indebtedness and the payee is not the Company or a Guarantor, such Indebtedness must be unsecured and (i) except in respect of the intercompany current liabilities Incurred in the ordinary course of business in connection with cash management positions of the Company and the Restricted Subsidiaries and (ii) only to the extent legally permitted, expressly subordinated to the prior payment in full in cash of all obligations with respect to the Notes or the relevant Guarantee thereof, as applicable;

(4) Indebtedness represented by (a) the Notes (other than any Additional Notes), (b) any Indebtedness of the Company or any of its Restricted Subsidiaries (other than Indebtedness described in clauses (1), (3) and (4)(a) of this paragraph) outstanding on the Issue Date, (c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in sub-clauses (a), (b) and (c) of this clause (4) or clause (5) of this paragraph or Incurred pursuant to the first paragraph of this covenant, and (d) Management Advances;

(5) Indebtedness outstanding on the date on which any Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any Restricted Subsidiary (other than Indebtedness incurred to provide all or any portion of the funds used to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary of the Company or was otherwise acquired by the Company or any of the Restricted Subsidiaries); *provided*, *however,* that at the time of such acquisition or other transaction (x) the Company would have been able to Incur €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in clause (1) of the first paragraph of this covenant after giving effect to the Incurrence of such Indebtedness pursuant to this clause (5) or (y) the Fixed Charge Coverage Ratio of the Company would not be less than it was immediately prior to giving effect to such acquisition or other transaction;

(6) Indebtedness under Currency Agreements and Interest Rate Agreements entered into for *bona fide* hedging purposes of the Company or its Restricted Subsidiaries and not for speculative purposes (as determined in good faith by the Board of Directors or Senior Management of the Company);

(7) Indebtedness represented by Capitalized Lease Obligations or Purchase Money Obligations, and in each case any Refinancing Indebtedness in respect thereof, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (7) and then outstanding, will not exceed at any time outstanding €15.0 million;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Company or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business or in respect of any governmental requirement, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business or in respect of any governmental requirement; *provided*, *however*, that upon the drawing of such letters of credit or similar instruments, the obligations are reimbursed within 30 days following such drawing, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case,

similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that, in the case of a disposition, the maximum liability of the Company and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Company and its Restricted Subsidiaries in connection with such disposition;

(10) (a) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided*, *however*, that such Indebtedness is extinguished within five Business Days of Incurrence;

(b) customer deposits and advance payments received in the ordinary course of business from customers for goods purchased in the ordinary course of business;

(c) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions incurred in the ordinary course of business of the Company and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Company and its Restricted Subsidiaries; and

(d) Indebtedness incurred by the Company or a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange, in each case incurred or undertaken in the ordinary course of business on arm's length commercial terms on a recourse basis;

(11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the aggregate principal amount of all other Indebtedness Incurred pursuant to this clause (11) and then outstanding, will not exceed the greater of (x) €40.0 million and (y) 40.0% of Consolidated EBITDA (measured at the time of incurrence);

(12) Indebtedness of the Company or a Guarantor in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this clause (12) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary) of its Subordinated Shareholder Funding or its Capital Stock (other than Disqualified Stock or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution) of the Company, in each case, subsequent to the Issue Date; *provided*, *however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (1), (6) and (10) of the second paragraph of the covenant described below under "*—Limitation on Restricted Payments*" to the extent the Company and the Restricted Subsidiaries incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (12) to the extent the Company or any of the Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (1) and (6)(c) of the second paragraph of the covenant described below under "*—Limitation on Restricted Payments*" in reliance thereon; and

(13) Indebtedness Incurred by a Receivables Subsidiary in a Qualified Receivables Financing.

Notwithstanding the foregoing, the aggregate principal amount of any Priority Indebtedness at any time outstanding will not exceed €15.0 million.

Neither the Company nor any Guarantor will incur any Indebtedness (including pursuant to the second paragraph of this covenant) that is contractually subordinated in right of payment to any other Indebtedness of the Company or such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Guarantee on substantially identical terms; provided, however, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Company or any Guarantor solely by virtue of being unsecured or by virtue of being secured with different collateral or by virtue of being secured on a junior priority basis or by virtue of the application of waterfall or other payment ordering provisions affecting different tranches of Indebtedness.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, the Company, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant;

(2) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(3) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (1), (7), (11) or (12) of the second paragraph above or the first paragraph above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(4) the principal amount of any Disqualified Stock of the Company or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(5) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and

(6) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of IFRS.

Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in IFRS will not be deemed to be an Incurrence of Indebtedness for purposes of the covenant described under this "*—Limitation on Indebtedness*". The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date.

For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the Euro Equivalent of the aggregate principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or, at the option of the Company, first committed, in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (a) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euro, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the aggregate principal amount of such Refinancing Indebtedness does not exceed the aggregate principal amount of such Indebtedness being refinanced; (b) the Euro Equivalent of the aggregate principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (c) if and for so long as any such Indebtedness is subject to a Currency Agreement with respect to the currency in which such Indebtedness is denominated covering principal and interest on such Indebtedness, the amount of such Indebtedness, if denominated in euro, will be the amount of the principal payment required to be made under such Currency Agreement and, otherwise, the Euro Equivalent of such amount plus the Euro Equivalent of any premium which is at such time due and payable but is not covered by such Currency Agreement.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or a Restricted Subsidiary may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Company will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any other payment or distribution on or in respect of the Company's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) except:

  (a) dividends or distributions payable in Capital Stock of the Company (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Company or in Subordinated Shareholder Funding; and

  (b) dividends or distributions payable to the Company or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Company or another Restricted Subsidiary on no more than a *pro rata* basis, measured by value);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company or any direct or indirect Parent of the Company held by Persons other than the Company or a Restricted Subsidiary (other than in exchange for Capital Stock of the Company (other than Disqualified Stock));

(3) make any principal payment on, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such payment, purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to clause (3) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*");

(4) make any payment (other than by capitalization of interest) on or with respect to, or purchase, repurchase, redeem, defease or otherwise acquire or retire for value, any Subordinated Shareholder Funding; or

(5) make any Restricted Investment in any Person;

(any such dividend, distribution, payment, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (5) are referred to herein as a "Restricted Payment"), if at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

(a) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(b) the Company is not able to Incur an additional €1.00 of Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in clause (1) of the first paragraph under the "—*Limitation on Indebtedness*" covenant after giving effect, on a *pro forma* basis, to such Restricted Payment; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Issue Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (5) (without duplication of amounts paid pursuant to any other clause of the succeeding paragraph), (6), (9), (10) and (11)(ii) of the succeeding paragraph, but excluding all other Restricted Payments permitted by the succeeding paragraph) would exceed the sum of (without duplication):

(i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the first fiscal quarter commencing July 1, 2013 to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Company are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value of property or assets or marketable securities, received by the Company from the issue or sale of its Capital Stock (other than Disqualified Stock) or Subordinated Shareholder Funding subsequent to the Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock) of the Company subsequent to the Issue Date (other than (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the second succeeding paragraph and (z) Excluded Contributions);

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value of property or assets or marketable securities, received by the Company or any Restricted Subsidiary from the issuance or sale (other than to the Company or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) by the Company or any Restricted Subsidiary subsequent to the Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Company (other than Disqualified Stock) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market of property or assets or marketable securities, received by the Company or any Restricted Subsidiary upon such conversion or exchange) but excluding (x) Net Cash Proceeds to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (6) of the succeeding paragraph and (y) Excluded Contributions;

(iv) an amount equal to:

(A) 100% of the aggregate Net Cash Proceeds, and the fair market value of property or assets or marketable securities, received by the Company or any Restricted Subsidiary in connection with any repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment, proceeds realized upon the sale or other disposition to a Person other than the Company or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Company or any Restricted Subsidiary;

(B) 100% of the fair market value of the Investment in an Unrestricted Subsidiary as of the date such entity becomes a Restricted Subsidiary (valued as provided in the definition of "Investment") upon the redesignation of such Unrestricted Subsidiary as a Restricted Subsidiary or its merger, consolidation, amalgamation with or into, or liquidation into, the Company or a Restricted Subsidiary; and

(C) 100% of the fair market value of property or assets received by the Company or any Restricted Subsidiary upon the transfer or conveyance of substantially all the assets of an Unrestricted Subsidiary to the Company or a Restricted Subsidiary;

which amount, in each case under this clause (iv), constituted a Restricted Payment made after the Issue Date; *provided*, *however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Company's option) included under this clause (iv); and

(v) 100% of the aggregate Net Cash Proceeds, and the fair market value of property or assets or of marketable securities received by the Company or any of its Restricted Subsidiaries in connection with:

(A) the sale or other disposition (other than to the Company or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary of the Company; and

(B) any dividend or distribution made by an Unrestricted Subsidiary to the Company or a Restricted Subsidiary;

provided, *however*, that no amount will be included in Consolidated Net Income for purposes of the preceding clause (i) to the extent that it is (at the Company's option) included under this clause (v);

provided that upon a Specified Change of Control Event, all amounts calculated pursuant to this clause (c) shall be reset at zero and all references to the Issue Date in this clause (c) shall thereafter refer to the date of such Specified Change of Control Event.

The foregoing provisions will not prohibit any of the following (collectively, "Permitted Payments"):

(1) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock, Disqualified Stock, Subordinated Shareholder Funding or Subordinated Indebtedness made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Company (other than Disqualified Stock), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or through an Excluded Contribution) of the Company; *provided*, *however*, that to the extent so applied, the Net Cash Proceeds, or fair market value of property or assets or of marketable securities, from such sale of Capital Stock, Subordinated Shareholder Funding or such contribution will be excluded from clause (c)(ii) of the preceding paragraph and will not be considered Excluded Contributions or to be net cash proceeds from an Equity Offering for the purposes of "Optional Redemption" provisions of the Notes;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made in exchange for, or out of the proceeds of the substantially concurrent Incurrence of (other than to a Subsidiary), Refinancing Indebtedness permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Company or a Restricted Subsidiary made in exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Company or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under "*—Limitation on Indebtedness*" above, and that in each case, constitutes Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

(a) (i) from Net Available Cash to the extent permitted under "*—Limitation on Sales of Assets and Subsidiary Stock*" below, but only if the Company shall have first complied with the terms described under "*—Limitation on Sales of Assets and Subsidiary Stock*" and purchased all Notes tendered pursuant to any offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

(b) to the extent required by the agreement governing such Subordinated Indebtedness, following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (i) if the Company shall have first complied with the terms described under "*—Change of Control*" and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

(c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;

(5) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this covenant;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of the Company or any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Company to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Company or any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the Company or any Parent (including any options, warrants or other rights in respect thereof), in each case from Management Investors; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (a) €5.0 million *plus* (b) €2.0 million per calendar year *plus* (c) the Net Cash Proceeds received by the Company or its Restricted Subsidiaries since the Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (6), other than through the issuance of Disqualified Stock) of the Company from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds have not otherwise been designated as Excluded Contributions and are not included in any calculation under clause (c)(ii) of the first paragraph describing this covenant;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with the terms of the covenant described under "*—Limitation on Indebtedness*" above;

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent or other payments by the Company or any Restricted Subsidiary in amounts equal to (without duplication):

(a) the amounts required for any Parent to pay any Parent Expenses or any Related Taxes; or

(b) amounts constituting or to be used for purposes of making payments (i) of fees and expenses Incurred in connection with the Transactions or disclosed in this Offering Memorandum under the caption "*Use of Proceeds*" or (ii) to the extent specified in clauses (2), (3), (5), (7), (11) and (12) of the second paragraph under "*—Limitation on Affiliate Transactions*;"

(10) so long as no Default or Event of Default has occurred and is continuing (or would result from), the declaration and payment by the Company of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Company or any Parent following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of (a) 6% of the Net Cash Proceeds received by the Company from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or through an Excluded Contribution) of the Company or loaned as Subordinated Shareholder Funding to the Company and (b) following any Initial Public Offering, an amount equal to the greater of (i) 5% of the Market Capitalization and (ii) 5% of the IPO Market Capitalization; *provided* that after giving *pro forma* effect to such loans, advances, dividends or distributions pursuant to this clause (b), the Consolidated Leverage Ratio shall be equal to or less than 2.5 to 1.0;

(11) so long as no Default or Event of Default has occurred and is continuing (or would result from), Restricted Payments in an aggregate amount outstanding at any time not to exceed the sum of (i) €7.5 million but only if such Restricted Payment is made within 12 months of the Issue Date and (ii) €17.5 million;

(12) payments by the Company, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Company or any Parent in lieu of the issuance of fractional shares of such Capital Stock, *provided*, *however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors);

(13) Investments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments to the extent made in exchange for or using as consideration Investments previously made under this clause (13);

(14) the making of any payments and any reimbursements as described in the section "*Use of Proceeds*" in this Offering Memorandum on or about the Issue Date;

(15) dividends or other distributions of Capital Stock of Unrestricted Subsidiaries; and

(16) payment of any Receivables Fees and purchases of Receivables Assets pursuant to a Receivables Repurchase Obligation in connection with a Qualified Receivables Financing.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors of the Company acting in good faith.

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien upon any of its property or assets (including Capital Stock of a Restricted Subsidiary), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "Initial Lien"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes and the Indenture (or a Guarantee thereof in the case of Liens of a Guarantor) are directly secured equally and ratably with, or prior to, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created pursuant to clause (a)(2) of the preceding paragraph will be released and discharged upon (i) the release and discharge of the Initial Lien to which it relates, and (ii) otherwise as set forth under "*—Security—Release of Liens*".

Limitation on Restrictions on Distributions from Restricted Subsidiaries

The Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(A) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Company or any Restricted Subsidiary;

(B) make any loans or advances to the Company or any Restricted Subsidiary; or

(C) sell, lease or transfer any of its property or assets to the Company or any Restricted Subsidiary,

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

The provisions of the preceding paragraph will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility or (b) any other agreement or instrument, in each case, in effect at or entered into on the Issue Date;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by the Company or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Company or was merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this clause (2), if another Person is the Successor Company, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Company or any Restricted Subsidiary when such Person becomes the Successor Company;

(3) any encumbrance or restriction:

  (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

  (b) contained in mortgages, pledges, charges or other security agreements permitted under the Indenture or securing Indebtedness of the Company or a Restricted Subsidiary permitted under the Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges, charges or other security agreements; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary;

(4) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions on the property so acquired or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;

(5) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(6) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;

(7) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority, including pursuant to the terms of any license, concession, authorization, franchise, permit or similar arrangement;

(8) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;

(9) any encumbrance or restriction pursuant to Currency Agreements or Interest Rate Agreements;

(10) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "—*Limitation on Indebtedness*" (other than any refinancing Indebtedness which is subject to clause (13) below) if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than (i) the encumbrances and restrictions contained in the Security Documents as in effect on the Issue Date or (ii) is customary in comparable financings (as determined in good faith by the Company) or where the Company determines when such Indebtedness is Incurred that such encumbrances or restrictions will not adversely affect, in any material respect, the Company's ability to make principal or interest payments on the Notes;

(11) any encumbrance or restriction existing by reason of any lien permitted under "—*Limitation on Liens*" and any Intercreditor Agreement;

(12) restrictions effected in connection with a Qualified Receivables Financing that, in the good faith determination of the Board of Directors of the Company, are necessary or advisable to effect such Qualified Receivables Financing; or

(13) any agreement, encumbrance or restriction that extends, renews, refinances or replaces any of the encumbrance or restriction referred to in clauses (1) through (12) of this paragraph or this clause (13) (an "Initial Agreement") or contained in any amendment, supplement or other modification to an agreement referred to in clauses (1) through (12) of this paragraph or this clause (13); *provided*, *however*, that such encumbrances and restrictions contained in any such agreement, encumbrance or restriction are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions so extended, refinanced, replaced, amended, supplemented or modified, or will not adversely affect, in any material respect, the Company's ability to make principal or interest payments on the Notes (in each case, as determined in good faith by the Company).

Limitation on Sales of Assets and Subsidiary Stock

The Company will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Company or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Board of Directors of the Company, of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);

(2) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap), at least 75% of the consideration from such Asset Disposition (excluding any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, other than Indebtedness) received by the Company or such Restricted Subsidiary, as the case may be, is in the form of cash, Cash Equivalents or Temporary Cash Investments; and

(3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Company or such Restricted Subsidiary, as the case may be:

   (a) to the extent the Company or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness of the Company or a Restricted Subsidiary), (i) to prepay, repay or purchase any Indebtedness of a non-Guarantor Restricted Subsidiary or Indebtedness that is secured by assets that do not constitute Collateral (in each case, other than Subordinated Indebtedness of the Company or a Guarantor or Indebtedness owed to the Company or any Restricted Subsidiary) or Indebtedness that is secured by a Lien on the Collateral, which Lien ranks *pari passu* with or senior to the Liens securing the Notes and any Guarantees thereof, under clause (1) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*" (or any Refinancing Indebtedness in respect thereof) within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash; *provided*, *however*, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (a)(i), the Company or such Restricted Subsidiary will retire such Indebtedness; (ii) unless included in (a)(i), to prepay, repay or purchase Pari Passu Indebtedness that is secured in whole or in part by a Lien on the Collateral which Lien ranks *pari passu* with the Liens securing the Notes and any Guarantees thereof at a price of no more than 100% of the principal amount of such Pari Passu Indebtedness plus accrued and unpaid interest to the date of such prepayment, repayment or purchase; *provided* that the Company shall redeem, repay or repurchase such Pari Passu Indebtedness pursuant to this clause (ii) only if the Company makes (at such time or subsequently in compliance with this covenant) an offer to the Holders to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer for an aggregate principal amount of Notes at least equal to the proportion that (x) the total aggregate principal amount of Notes outstanding bears to (y) the sum of the total aggregate principal amount of Notes outstanding plus the total aggregate principal amount outstanding of such Pari Passu Indebtedness; or (iii) to purchase the Notes pursuant to an offer to all Holders of Notes at a purchase price equal to at least 100% of the principal amount of the Notes, plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on the relevant date to receive interest due on the relevant interest payment date); or

   (b) to the extent the Company or such Restricted Subsidiary elects, to make a capital expenditure or invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Company or another Restricted Subsidiary) within 365 days from the later of (i) the date of such Asset Disposition and (ii) the receipt of such Net Available Cash; *provided*, *however*, that any such reinvestment in Additional Assets made pursuant to a definitive binding agreement or a commitment approved by the Board of Directors of the Company that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 180 days of such 365th day

(or any combination on the foregoing); *provided* that, pending the final application of any such Net Available Cash in accordance with clause (a) or clause (b) above, the Company and its Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by the Indenture.

Any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied or invested as provided in the preceding paragraph will be deemed to constitute "Excess Proceeds" under the Indenture. On the 366th day after an Asset Disposition, or at such earlier date that the Company elects, if the aggregate amount of Excess Proceeds under the Indenture exceeds €15.0 million, the Company will be required within 30 days thereof to make an offer ("Asset Disposition Offer") to all Holders of Notes, and, to the extent the Company elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase, prepay or redeem the maximum aggregate principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to (and, in the case of any such Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of such Pari Passu Indebtedness, as applicable (or, if issued with original issue discount, the accreted value of the Notes or such Pari Passu Indebtedness, as applicable), plus, in each case, accrued and unpaid interest, if any (and in the case of the Notes, Additional Amounts, if any), to, but not including, the date of purchase, in accordance with the procedures set forth in the Indenture or the agreements governing such Pari Passu Indebtedness, as applicable, and in the case of the Notes, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

To the extent that the aggregate amount of the Notes and any such Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in the Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and such other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and Pari Passu Indebtedness to be purchased on a *pro rata* basis on the basis of the aggregate principal amount of tendered Notes and such Pari Passu Indebtedness. For the purposes of calculating the aggregate principal amount of any such Indebtedness not denominated in euro, such Indebtedness shall be calculated by converting any such aggregate principal amounts into their Euro Equivalent determined as of a date selected by the Company that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than euro, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in the currency in which such Notes are denominated that is actually received by the Company upon converting such portion into such currency.

The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "Asset Disposition Offer Period"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "Asset Disposition Purchase Date"), the Company will purchase the aggregate principal amount of Notes, and, to the extent it elects, Pari Passu Indebtedness required to be purchased pursuant to this covenant (the "Asset Disposition Offer Amount") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

On or before the Asset Disposition Purchase Date, the Company will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Indebtedness or portions of Notes and such Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition

Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and, in the case of the Notes, in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof.

The Company will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this covenant. The Company or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder of Notes an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Company for purchase, and the Company will promptly issue a new Note (or amend the Global Note), and the Registrar, upon delivery of an Officer's Certificate from the Company, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in an aggregate principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in an aggregate principal amount with a minimum denomination of €100,000 and in integral multiples of €1,000 in excess thereof. Any Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Company to the Holder thereof.

For the purposes of clause (2) of the first paragraph of this covenant, the following will be deemed to be cash:

(1) the assumption by the transferee of Indebtedness of the Company or Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness of the Company or a Restricted Subsidiary) and the release of the Company or such Restricted Subsidiary from, or its indemnification against, all liability on such Indebtedness in connection with such Asset Disposition;

(2) securities, notes or other obligations received by the Company or any Restricted Subsidiary from the transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;

(3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Company and each other Restricted Subsidiary are released from, or indemnified against any liability under, any Guarantee of payment of such Indebtedness in connection with such Asset Disposition;

(4) consideration consisting of Indebtedness of the Company or any Restricted Subsidiary (other than Subordinated Indebtedness) received after the Issue Date from Persons who are not the Company or any Restricted Subsidiary; and

(5) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed €5.0 million (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

The Company will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to the Indenture. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of this covenant, the Company will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations under the Indenture by virtue of any conflict.

Limitation on Affiliate Transactions

The Company will not, and will not permit any of the Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction or series of transactions (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Company (any such transaction or series of transactions being an "Affiliate Transaction") involving aggregate value in excess of €1.0 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's length dealings with a Person who is not such an Affiliate;

(2) in the event such Affiliate Transaction involves an aggregate value in excess of €5.0 million, the terms of such transaction or series of transactions have been approved by a majority of the members of the Board of Directors resolving that such transaction complies with clause (1) above; and

(3) in the event such Affiliate Transaction involves an aggregate consideration in excess of €15.0 million, the Company has received a written opinion from an Independent Financial Advisor that such Affiliate Transaction is fair, from a financial standpoint, to the Company and the Restricted Subsidiaries or that the terms are not materially less favorable than those that could reasonably have been obtained in a comparable transaction at such time on an arm's length basis from a Person that is not an Affiliate.

The provisions of the preceding paragraph will not apply to:

(1) any Restricted Payment permitted to be made pursuant to the covenant described under "*—Limitation on Restricted Payments*," any Permitted Payments (other than pursuant to clause (9)(b)(ii) of the third paragraph of the covenant described under "*—Limitation on Restricted Payments*") or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b), (2), (11) and (16) of the definition thereof);

(2) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, amendment to (including amendments, extensions or reductions in exercise price and exercise period), or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Company, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Company in each case in the ordinary course of business;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) any transaction between or among the Company and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Company, any Restricted Subsidiary or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) the Transactions and the entry into and performance of obligations of the Company or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this covenant or to the extent not more disadvantageous to the Holders in any material respect and the entry into and performance of any registration rights or other listing

agreement in connection with any Public Offering; provided that such performance does not involve the payment of fees or commissions to Affiliates and does not involve the payment of underwriting fees, commissions or discounts on behalf of shares sold by Affiliates;

(7) execution, delivery and performance of any Tax Sharing Agreement or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Company or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or the Senior Management of the Company or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Company or any Restricted Subsidiary and any Affiliate of the Company that would constitute an Affiliate Transaction solely because the Company or a Restricted Subsidiary owns an equity interest in or otherwise controls such Affiliate;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock) of the Company or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors of the Company in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding is in compliance with the other provisions of the Indenture and any Intercreditor Agreement;

(11) (a) payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual customary management, consulting, monitoring or advisory fees and related expenses in an aggregate amount not to exceed €0.2 million per year and (b) customary payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments in respect of this clause (b) are approved by a majority of the Disinterested Directors in good faith; and

(12) any transaction effected as part of a Qualified Receivables Financing.

Maintenance of listing

The Company will use its commercially reasonable efforts to obtain and maintain the listing of the Notes on the Euro MTF Market of the Luxembourg Stock Exchange for so long as such Notes are outstanding; provided that if at any time the Company determines that it will not maintain such listing, it will obtain prior to the delisting of the Notes from the Euro MTF Market of the Luxembourg Stock Exchange, and thereafter use its best efforts to maintain, a listing of such Notes on another "recognized stock exchange" as defined in Section 1005 of the Income Tax Act 2007 of the United Kingdom.

Limitation on lines of business

The Company will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than a Permitted Business, except to such extent as would not be material to the Company and its Restricted Subsidiaries taken as a whole.

Reports

For so long as any Notes are outstanding, the Company will provide to the Trustee the following reports:

(1) within 120 days after the end of the Company's fiscal year beginning with the first fiscal year ending after the Issue Date, annual reports containing, to the extent applicable, the following information: (a) audited consolidated balance sheets of the Company as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Company for the two most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) unaudited pro forma income statement information and balance sheet information of the Company (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, EBITDA, and liquidity and capital resources of the Company, and a discussion of material commitments and contingencies and critical accounting policies; (d) a summary description of the business and material affiliate transactions; and (e) a summary description of material recent developments (including any Board of Director changes at the Company);

(2) within 60 days following the end of the first and third fiscal quarter and 75 days following the end of the second fiscal quarter in each fiscal year of the Company (or 90 days for the quarters ending June 30, 2013 and September 30, 2013), all quarterly reports of the Company containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure; (b) unaudited pro forma income statement information and balance sheet information (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the relevant quarter; (c) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, EBITDA and material changes in liquidity and capital resources, and a discussion of material changes not in the ordinary course of business in commitments and contingencies since the most recent report; and (d) material recent developments (including any Board of Director changes at the Company); and

(3) promptly after the occurrence of any material acquisition, disposition, restructuring, Permitted Reorganization or similar transaction or or any senior executive officer changes at the Company or change in auditors of the Company or any other material event that the Company or any of its Restricted Subsidiaries announces publicly, a report containing a description of such event.

All financial statements and pro forma financial information shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented; *provided*, *however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in applicable IFRS present earlier periods on a basis that applied to such periods. Except as provided for above, no report need include separate financial statements for any Subsidiaries of the Company. The filing of an Annual Report on Form 20-F within the time period specified in (1) will satisfy such provision.

At any time that any of the Company's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Company, then the annual and quarterly financial information required by clauses (1) and (2) of the first paragraph of this covenant shall include either (i) a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries or (ii) stand-alone audited or unaudited financial statements, as the case may be, of such Unrestricted Subsidiary or Unrestricted Subsidiaries (as a group or otherwise) together with an unaudited reconciliation to the financial information of the Company and its Subsidiaries, which reconciliation shall include the following items: revenues, EBITDA, net income, cash, total assets, total debt, shareholders equity, capital expenditures and interest expense.

Substantially concurrently with the issuance to the Trustee of the reports specified in clauses (1), (2) and (3) of the first paragraph of this covenant, the Company shall also (a) use its commercially reasonable efforts (i) to post copies of such reports on such website as may be then maintained by the Company and its Subsidiaries or (ii) otherwise to provide substantially comparable availability of such reports (as determined by the Company in good faith) or (b) to the extent the Company determines in good faith that it cannot make such reports available in the manner described in the preceding clause (a) owing to applicable law or after the use of its commercially reasonable efforts, furnish such reports to the Holders and, upon request, prospective purchasers of the Notes. The Company will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant, if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, to the extent and in the manner permitted by such rules, by posting such reports on the official website of the Luxembourg Stock Exchange *(www.bourse.lu)*.

In addition, so long as the Notes remain outstanding and during any period during which Company is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Company shall furnish to the Holders and, upon their request, prospective purchasers of the Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Delivery of reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of any such reports shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's, any Guarantor's or any other Person's compliance with any of its covenants under the indenture or the Notes (as to which the Trustee is entitled to rely exclusively on Officer's Certificates). The Trustee shall not be obligated to monitor or confirm, on a continuing basis or otherwise, the Company's, any Guarantor's or any other Person's compliance with the covenants described herein or with respect to any reports or other documents filed under the Indenture.

Merger and Consolidation

The Company

The Company will not consolidate with or merge with or into, or convey, transfer, lease or otherwise dispose of all or substantially all its assets in one transaction or a series of related transactions to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "Successor Company") will be a Person organized and existing under the laws of any member state of the European Union or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada or Switzerland, and the Successor Company (if not the Company) expressly assumes by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Company under the Notes and the Indenture, the Security Documents and any Intercreditor Agreement;

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been Incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing;

(3) immediately after giving effect to such transaction, either (a) the Successor Company would be able to Incur at least an additional €1.00 of Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in clause (1) of the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or (b) the Fixed Charge Coverage Ratio of the Company would not be less than it was immediately prior to giving effect to such transaction; and

(4) the Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with the Indenture and an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company (in each case, in form and substance reasonably satisfactory to the Trustee), *provided* that in giving an Opinion of Counsel, counsel may rely on an Officer's Certificate as to any matters of fact, including as to satisfaction of clauses (1) and (2) above.

Any Indebtedness that becomes an obligation of the Company or any Restricted Subsidiary (or that is deemed to be Incurred by any Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under "*—Limitation on Indebtedness*".

For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Company, which properties and assets, if held by the Company instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Company on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under the Indenture or the Notes.

Notwithstanding the preceding clauses (2), (3) and (4) and the provisions described below under "*—Guarantors*" (which do not apply to transactions referred to in this sentence), (a) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Company or a Guarantor and (b) any Restricted Subsidiary that is not a Guarantor may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Company or any Restricted Subsidiary. Notwithstanding the preceding clause (3) (which does not apply to the transactions referred to in this sentence), the Company may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Company, reincorporating the Company in another jurisdiction or changing the legal form of the Company.

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions (other than the requirements of clause (2) of the first paragraph of this covenant) will not apply to the creation of a new Restricted Subsidiary of the Company that becomes a parent of one or more of the Company's Subsidiaries.

Guarantors

No Guarantor may:

(1) consolidate with or merge with or into any Person (whether or not such Guarantor is the surviving corporation);

(2) sell, convey, transfer, lease or otherwise dispose of, all or substantially all its assets as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person; or

(3) permit any Person to merge with or into such Guarantor, unless

(A) the other Person is the Company or any Restricted Subsidiary that is a Guarantor (or becomes a Guarantor concurrently with the transaction); or

(B) (1) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Guarantee of the Notes, the Indenture, the Security Documents and any Intercreditor Agreement; and (2) immediately after giving effect to the transaction, no Default or Event of Default has occurred and is continuing; or

(C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Guarantor or the sale or disposition of all or substantially all the assets of such Guarantor (in each case other than to the Company or a Restricted Subsidiary) otherwise permitted by the Indenture.

Notwithstanding the preceding clause B(2) (which do not apply to transactions referred to in this sentence), (a) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Company or a Guarantor and (b) any Guarantor may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Company or any other Guarantor. Notwithstanding the preceding clause B(2) (which does not apply to the transactions referred to in this sentence), a Guarantor may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Guarantor, reincorporating the Guarantor in another jurisdiction or changing the legal form of the Guarantor.

Any Indebtedness that becomes an obligation of the Guarantor or any Restricted Subsidiary (or that is deemed to be Incurred by any Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with the covenant described under "*—Limitation on Indebtedness*".

There is no precise established definition of the phrase "substantially all" under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

Permitted Reorganization

The Trustee and the Security Agent shall, at the Company's written request, without the consent of the holders of Notes, agree to the transfer of all Capital Stock of the Company (including any outstanding warrants in respect thereof) held by Holdco to New Holdco, provided that:

(1) New Holdco will be a Person organized and existing under the laws of any member state of the European Union or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada or Switzerland;

(2) New Holdco will acquire the Capital Stock of the Company (and any warrants in respect thereof) held by Holdco subject to the Company Capital Stock Pledge and shall have entered into a confirmation deed or similar instrument in respect thereof expressly confirming the first-ranking pledge of the Capital Stock in favor of the holders of the Notes and assuming all of the obligations of Holdco under the Company Capital Stock Pledge and, if applicable, any Intercreditor Agreement;

(3) immediately after giving effect to such Permitted Reorganization, no Default or Event of Default shall have occurred and be continuing; and

(4) the Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating, subject to customary assumptions and qualifications, that such Permitted Reorganization, any supplemental indenture signed in connection therewith and the share pledge referred to in clause (2) above complies with the Indenture, any such supplemental indenture and any Intercreditor Agreement and that the share pledge is enforceable.

Following the Permitted Reorganization, Holdco shall be released from all obligations under the Company Capital Stock Pledge, which shall be assumed in full by New Holdco, and all references to "Holdco" in this Description of the Notes shall be to "New Holdco".

Payments for Consent

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all Holders that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Notwithstanding the foregoing, the Company and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes, to exclude holders in any jurisdiction where (1) the solicitation of such consent, waiver or amendment, including in connection with an exchange offer or offer to purchase for cash, or (2) the payment of the consideration therefor (i) would require the Company or any of the Restricted Subsidiaries to file a registration statement, prospectus or similar document under any applicable securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), which the Company in its sole discretion determines (acting in good faith) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent documents used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdictions); or (ii) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

Future Guarantees and Collateral

The Company will not cause or permit any of its Restricted Subsidiaries that are not Guarantors, directly or indirectly, to Guarantee the payment of any other Indebtedness of the Company or a Guarantor unless such Restricted Subsidiary becomes a Guarantor on the date on which such other Guarantee is Incurred and, if applicable, executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Guarantee of the Notes, which Guarantee will be senior to or rank *pari passu* with such Restricted Subsidiary's Guarantee of such other Indebtedness.

In addition, the Company shall cause (i) each Restricted Subsidiary (other than an Immaterial Subsidiary, as determined based on the audited annual reports referred to below) to execute and deliver a supplemental indenture or other appropriate agreement providing for such Restricted Subsidiary's Guarantee on the same terms and conditions as those set forth in the Indenture, within 30 days of delivery of the Company's audited annual reports to the Trustee pursuant to the Indenture and (ii) all of the Capital Stock in such Restricted Subsidiary owned by the Company and its other Restricted Subsidiaries as of the date of such supplemental indenture or other agreements (if applicable or otherwise within 30 days of delivery of the Company's audited annual reports to the Trustee pursuant to the Indenture) to be pledged to secure the Notes and the Guarantees (as applicable) on a first ranking basis consistent with the Collateral.

A Restricted Subsidiary that is not a Guarantor may become a Guarantor if it executes and delivers to the Trustee a supplemental indenture in the form attached to the Indenture pursuant to which such Restricted Subsidiary will provide a Guarantee.

Each additional Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, thin capitalization, distributable reserves, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

The Guarantee of a Guarantor will terminate and release:

(1) upon a sale or other disposition (including by way of consolidation or merger) of ownership interests in the Guarantor (directly or through a parent company) such that (a) the Guarantor does not remain a Restricted Subsidiary, or (b) the sale or disposition of all or substantially all the assets of the Guarantor, in each of (a) and (b), other than to the Company or a Restricted Subsidiary and otherwise not prohibited by the Indenture;

(2) if the Company designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

(3) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture, as provided below under the headings "*—Defeasance*" and "*—Satisfaction and Discharge*;"

(4) so long as no Event of Default has occurred and is continuing and no other Indebtedness that would give rise to an obligation to give a Guarantee is at that time required under this "*—Future Guarantees and Collateral*" covenant, upon the release or discharge of the guarantee that resulted in the creation of such Guarantee under this "*—Future Guarantees and Collateral*" covenant;

(5) in accordance with certain enforcement actions pursuant to any Intercreditor Agreement;

(6) upon the full and final payment of the Notes; or

(7) as described under "*—Amendments and Waivers*".

Notwithstanding the foregoing, the Company shall not be obligated to cause such Restricted Subsidiary to Guarantee the Notes or to pledge or cause the pledge of the Capital Stock of a Restricted Subsidiary to the extent and for so long as the Incurrence of such Guarantee or the pledge of such Capital Stock, as the case may be, could reasonably be expected to give rise to or result in: (1) any violation of applicable law or regulation; (2) any liability for the officers, directors or (except in the case of a Restricted Subsidiary that is a partnership) shareholders of such Restricted Subsidiary (or, in the case of a Restricted Subsidiary that is a partnership, directors or shareholders of the partners of such partnership); (3) any cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out-of-pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (1) of this paragraph undertaken in connection with, such Guarantee, which in any case under any of clauses (1), (2) and (3) of this paragraph cannot be avoided through measures reasonably available to the Company or a Restricted Subsidiary but in such a case each of the Company and the Restricted Subsidiaries will use their reasonable best efforts to overcome the relevant legal limit and procure that the relevant Restricted Subsidiary undertakes all whitewash or similar procedures which are legally available to eliminate the relevant limit; *provided* that, for the avoidance of doubt, the lack of the obligation to cause the granting of a Guarantee of the Notes due to the applicability of clauses (1), (2) or (3) of this paragraph shall not terminate the obligation to pledge the Capital Stock of the relevant Restricted Subsidiary pursuant to clause (ii) of the second paragraph of this covenant unless one of more of clauses (1), (2) or (3) of this paragraph would also terminate the obligation to pledge the Capital Stock of the relevant Restricted Subsidiary.

Intercreditor Agreements

Upon the written direction of the Company, at the time of, or prior to, any time that the Company or any of its Restricted Subsidiaries incurs or guarantees any Indebtedness of the type specified under clauses (b), (c) or (d) of the definition of "Permitted Collateral Liens" to be secured by a Lien on assets of the Company or any of its Restricted Subsidiaries permitted to be incurred under the covenant described above under "*—Limitation on Liens*" ("Pari Passu Indebtedness"), which assets (the "Shared Collateral") will also, subject to the following (as applicable), equally and ratably secure the Notes and/or any Guarantee of the Notes, the Company and any relevant Restricted Subsidiary, the Trustee and the Security Agent, and without the consent of holders of the Notes, will enter into an intercreditor agreement (each an "Intercreditor Agreement") in respect of the Shared Collateral with the other creditors sharing the benefit of such Lien (the "Shared Collateral Creditors") (and/or their agent, representative or trustee), containing provisions which reflect the following terms, or other terms which become customary for similar agreements (in the case of such other terms, terms which are more favorable to holders of the Notes) (together, the "Fundamental Intercreditor Rights"):

(i) Obligations under the Notes and any Guarantees shall rank *pari passu* in all respects with any Pari Passu Indebtedness and any Obligations under Hedging Agreements permitted to be secured on a senior ranking basis, including in respect of the Shared Collateral (and shall share pro rata in the net proceeds thereof arising by virtue of the enforcement of the Shared Collateral, subject to the option of the Company to designate creditors benefitting from Permitted Collateral Liens securing Indebtedness incurred under clauses (1) and (6) (in the case of (6) in respect of Interest Rate Agreements only) of the second paragraph of the covenant entitled "*—Limitation on Indebtedness*" to rank senior to the Liens securing the Notes or any Guarantee of the Notes with respect to distributions of proceeds of any enforcement of Collateral or distressed disposals ("Super Priority Creditors")).

(ii) Any Intercreditor Agreement shall not restrict payments in respect of any Obligations under Pari Passu Indebtedness or Obligations under the Notes or any Guarantee (together, the "Shared Collateral Creditor Obligations") except that, following the occurrence of an acceleration event under any Pari Passu Indebtedness or the Notes under the Indenture or certain events of bankruptcy or insolvency, none of the Company or the Restricted Subsidiaries (the "Debtors") may make and no Shared Collateral Creditors may receive payments of the Shared Collateral Creditor Obligations except amounts properly distributed in accordance with such Intercreditor Agreement.

(iii) The Intercreditor Agreement shall specify that upon any of the Liens becoming enforceable, enforcement decisions under the Shared Collateral documents will be made by either (and for the avoidance of doubt, it shall not specify both):

(A) the Shared Collateral Creditors constituting more than half (50%) of the Shared Collateral Creditor Obligations outstanding on a euro-for-euro basis ("Majority Shared Collateral Creditors"); or

(B) (a) the Priority Instructing Creditors (but only to the extent that Pari Passu Indebtedness is owing to any Super Priority Creditors at the time of any proposed enforcement; otherwise by (b) the Majority Shared Collateral Creditors) (in the case of (A) or (B), as applicable, an "Instructing Group").

"Priority Instructing Creditors" shall be determined as follows:

Except in certain limited circumstances customary for capital structures including super senior financings, if any Shared Collateral Creditors wish to enforce the Shared Collateral upon becoming entitled to do so under the terms of the applicable Pari Passu Indebtedness or the Notes or any Guarantee thereof (as the case may be), they must give 10 Business Days' notice of the proposed enforcement instructions to the creditor representatives for the other Shared Collateral Creditors and the Security Agent. The giving of this notice will trigger a 20 Business Day consultation period during which time the creditor representatives for each of the Shared Collateral Creditors must discuss the proposals in good faith with a view to co-ordinating the proposed enforcement instructions. If there are conflicting enforcement instructions given to the Security Agent by the different classes of Shared Collateral Creditors, then provided that creditor representative(s) instructed by a majority in aggregate principal amount of Shared Collateral Creditor Obligations excluding any obligations owed to Super Priority Creditors complied with the consultation obligations set out above, the enforcement instructions from such creditor representative(s) will prevail and the holders of such Shared Collateral Creditor Obligations excluding any obligations owed to Super Priority Creditors will constitute the Instructing Group. Failure by a class of Shared Collateral Creditors to give instructions will be deemed to be an instruction that conflicts with any other enforcement instructions. After the Security Agent has commenced enforcement over the Shared Collateral, it will not accept any subsequent instructions from anyone other than the creditor representative(s) instructed by a majority in aggregate principal amount of Shared Collateral Creditor Obligations excluding any obligations owed to

Super Priority Creditors, except that if (a) the Security Agent has not taken any enforcement action within 3 months of the end of the consultation period; or (b) the Super Priority Creditors have not been repaid in full and fully discharged within 6 months of the date of the end of the consultation period, any enforcement instructions given by the Super Priority Creditors will then prevail.

The Intercreditor Agreement shall require that any enforcement instructions comply with security enforcement principles and a security enforcement objective as set out therein which are substantially consistent with capital structures including super senior credit facilities. No Shared Collateral Creditor shall have any independent right to enforce any of the Liens or to instruct or require the Security Agent to enforce any of the Shared Collateral documents except as instructed by the applicable Instructing Group. Any instructions given by the Instructing Group will be binding on all of the Shared Collateral Creditors; provided that any instructions concerning enforcement of the Collateral governed by Italian law may include the right of the Trustee to take any available enforcement action together with the Security Agent to the extent necessary pursuant to applicable Italian law.

(iv) The Intercreditor Agreement will contain customary turnover provisions.

(v) Subject to the option of the Company to designate any Super Priority Creditors to rank senior to the Liens securing the Notes or any Guarantee with respect to distributions of proceeds of any enforcement of Collateral or distressed disposal, the Intercreditor Agreement shall include provisions such that if, for any reason, any of the Shared Collateral Creditor Obligations remain unpaid after the date enforcement action is taken and the resulting losses are not borne by the Shared Collateral Creditors in the proportions which their respective exposures at such enforcement date bore to the aggregate exposures of all of the Shared Collateral Creditors at such enforcement date, the Shared Collateral Creditors will make such payments among themselves as the Security Agent shall require to put the Shared Collateral Creditors in such a position that (after taking into account such payments) those losses are borne in those proportions. The Trustee shall not be required to make payments if it has distributed amounts received to holders of the Notes and did not have written notice on the date of such distribution of the obligation to make such equalization payments.

(vi) If in relation to any request for a vote, action or decision to be taken by any group of Shared Collateral Creditors as required under the Intercreditor Agreement (including for the purpose of constituting the Instructing Group (iii)(A) above but not, for the avoidance of doubt, in respect of (iii)(B)(a)), any Shared Collateral Creditor within such respective class fails to vote in favor of or against such request, or fails to provide details of its relevant participation or liabilities owed to it to the security agent within 30 Business Days from the date on which notice of such request, action or decision was given to all the Shared Collateral Creditors then eligible to vote thereon, then that Shared Collateral Creditor's participation and/or liabilities owed to it shall be deemed to be zero for the purpose of calculating the relevant total participations and/or liabilities when ascertaining whether any relevant percentage has been obtained to carry that vote or approve that action or decision.

(vii) Subject to the option of the Company to designate any Super Priority Creditors to rank senior to the Liens securing the Notes or any Guarantee with respect to distributions of proceeds of any enforcement of Collateral or distressed disposal, any Intercreditor Agreement shall permit, on customary terms, any Shared Collateral Creditor Obligations (including new Pari Passu Indebtedness) to be financed or refinanced with other senior secured equal ranking debt and for such new indebtedness to be ranked equally with other Shared Collateral Creditor Obligations (including sharing in the security under the Liens); provided that such debt is permitted to be incurred under the terms of the relevant credit documentation in respect of any Shared Collateral Creditor Obligations that will remain following such financing or refinancing.

(viii) Any Intercreditor Agreement shall be governed by the laws of England and Wales or the State of New York.

The Shared Collateral will only be released, and Liens will only be granted on the assets the subject of the Shared Collateral, to the extent permitted under (or not prohibited by) the Indenture, the applicable Security Documents and the documents governing the terms of the Pari Passu Indebtedness.

Each Intercreditor Agreement will have an intercreditor agent or security agent (if not the Security Agent) who acts on behalf of all of the holders of the Pari Passu Indebtedness and the Notes, the Trustee and any of their agents.

Any Intercreditor Agreement may contain provisions in addition to those described above to the extent necessary or desirable to enable the Company or any of its Restricted Subsidiaries to enter into and consummate corporate, financing and other transactions. Provided such provisions do not conflict with the Fundamental Intercreditor Rights described above, and provided that such Intercreditor Agreement contains such provisions as are customarily requested by note trustees when entering into intercreditor agreements on behalf of holders of the Notes, the Trustee and the Security Agent shall enter into such Intercreditor Agreements on behalf of the holders of Notes.

The Indenture will provide that, at the written direction of the Company and without the consent of the holders of the Notes, the Trustee and the Security Agent may from time to time enter into one or more amendments to any Intercreditor Agreement or deed to: (i) cure any ambiguity, defect or inconsistency therein; (ii) make any change to reflect or give effect to any of the provisions of this "*Intercreditor Agreements*" covenant; (iii) increase the amount of Indebtedness of the types covered by the Intercreditor Agreement in a manner not prohibited by the Indenture and in a manner substantially consistent with the ranking and terms of such Intercreditor Agreement; (iv) add Guarantors or other parties (such as representatives of new issuances of Indebtedness) thereto; (v) make any change necessary or desirable, in the good faith determination of the Board of Directors of the Company, in order to implement any transactions permitted under the caption "*—Merger and Consolidation"; provided that such change does not adversely affect the Fundamental Intercreditor Rights of any holder of the Notes in any material respect; or (vi) make any other such change thereto that does not in any material respect adversely affect the Fundamental Intercreditor Rights of any holder of the Notes. The Company shall not otherwise direct the Trustee or the Security Agent to enter into any amendment to any Intercreditor Agreement without the consent of the holders of a majority in aggregate principal amount of the Notes then outstanding, except as permitted below under "—Amendments and Waiver*s".

Any Intercreditor Agreement may be terminated at the option of the Company if at the date of such termination the Pari Passu Indebtedness covered thereby has been repaid or refinanced or otherwise discharged. The Trustee and the Security Agent shall take all reasonably necessary actions to effectuate the termination of any Intercreditor Agreement in accordance with these provisions, subject to customary protections and indemnifications.

Each holder of a Note, by accepting such Note, will be deemed to have:

(1) appointed and authorized each of the Trustee and the Security Agent to give effect to such provisions;

(2) authorized the Trustee and the Security Agent to become a party to any future Intercreditor Agreement described above;

(3) agreed to be bound by such provisions and the provisions of any future Intercreditor Agreement described above; and

(4) irrevocably appointed the Trustee to act on its behalf to enter into and comply with such provisions and the provisions of any future Intercreditor Agreement described above.

Impairment of Security Interest

The Company shall not, and shall not permit any Restricted Subsidiary to, take or omit to take any action that would have the result of materially impairing the security interest with respect to the Collateral (it being understood that, subject to the proviso below, the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and the Company shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Trustee acting through the Security Agent or to the Security Agent, as applicable, under relevant law, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents, any Lien over any of the Collateral; *provided* that the Company and the Restricted Subsidiaries may Incur Permitted Collateral Liens and the Collateral may be amended, extended, renewed, restated, supplemented, transferred, discharged or released in accordance with the Indenture, any Intercreditor Agreement or the applicable Security Documents.

Notwithstanding the above, nothing in this covenant shall restrict the discharge and release of any Lien in accordance with the Indenture and any Intercreditor Agreement. Subject to the foregoing, the Security Documents may be amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets) to (i) cure any ambiguity, omission, defect or inconsistency therein; (ii) provide for Permitted Collateral Liens; (iii) add to the Collateral; (iv) in connection with a Permitted Reorganization or (v) make any other change thereto that does not adversely affect the Holders in any material respect; *provided*, *however*, that (except with respect to any amendment, extension, renewal, restatement, supplement, replacement, transfer, discharge or release in accordance with the applicable Security Document, the Indenture and any Intercreditor Agreement), no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), unless contemporaneously with such amendment, extension, renewal, restatement, supplement or modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), the Company delivers to the Trustee, either (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee, from an independent financial advisor or appraiser or investment bank of international standing which confirms the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets), (2) a certificate from the Chief Financial Officer or the Board of Directors of the relevant Person which confirms the solvency of the Person granting the security interest after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by an immediate retake of a Lien of at least equivalent ranking over the same assets), or (3) an Opinion of Counsel (subject to any qualifications customary for this type of opinion of counsel) confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release (followed by an immediate retaking of a lien of at least equivalent ranking over the same assets), the Lien or Liens created under the Security Document, so amended, extended, renewed, restated, supplemented, modified or released and replaced are valid and perfected Liens not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or release (followed by an immediate retake of a Lien of at least equivalent ranking over the same assets).

In the event that the Company complies with the requirements of this covenant, the Company or the Security Agent shall take all actions necessary to effect such amendment, extension, renewal, restatement, supplement, modification or release.

Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing under the Indenture (a "Suspension Event"), then, the Company shall notify the Trustee of this fact and beginning on that day and continuing until the Reversion Date, the provisions of the Indenture summarized under the following captions will not apply to the Notes: "*—Limitation on Indebtedness*," "*—Limitation on Restricted Payments*," "*—Limitation on Restrictions on Distributions from Restricted Subsidiaries*," "*—Limitation on Sales of Assets and Subsidiary Stock*," "*—Limitation on Affiliate Transactions*," and the provisions of clause (3) of the first paragraph of the covenant described under "*—Merger and Consolidation—The Company*," and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Company and the Restricted Subsidiaries. Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company properly taken during the continuance of the Suspension Event, and the "*—Limitation on Restricted Payments*" covenant will be interpreted as if it has been in effect since the date of such Indenture except that no default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be classified, at the Company's option, as having been Incurred pursuant to the first paragraph of the covenant described under "*—Limitation on Indebtedness*" or one of the clauses set forth in the second paragraph of such covenant (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Event and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred under the first or second paragraph of the covenant described under "*—Limitation on Indebtedness*," such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under clause (4)(b) of the second paragraph of the covenant described under "*—Limitation on Indebtedness*".

EVENTS OF DEFAULT

Each of the following is an Event of Default under the Indenture:

(1) default in any payment of interest or Additional Amounts, if any, on any Note when due and payable, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Company or any Guarantor to comply with its obligations under the covenant described under "*—Certain Covenants—Merger and Consolidation*" above;

(4) failure to comply for 30 days after written notice by the Trustee on behalf of the Holders or by the Holders of 25% in aggregate principal amount of the outstanding Notes with the Company's obligation to make a Change of Control Offer under the covenant described under "*—Change of Control*" above or under the covenants described under "Certain Covenants" above (in each case, other than a failure to purchase Notes which will constitute an Event of Default under clause (2) above);

(5) failure to comply for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of 25% in aggregate principal amount of the outstanding Notes with its other agreements contained in the Indenture, the Security Documents or the Notes (in each case, other than a default in performance, or breach of, a covenant or agreement specifically addressed in clauses (1) through (4) above);

(6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Company or any of its Restricted Subsidiaries) other than Indebtedness owed to the Company or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, which default:

    (a) is caused by a failure to pay principal at stated maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness ("payment default"); or

    (b) results in the acceleration of such Indebtedness prior to its maturity (the "cross acceleration provision"),

    and, in each case, the aggregate principal amount of any such Indebtedness, together with the aggregate principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €15.0 million or more;

(7) certain events of bankruptcy, insolvency or court protection with respect to the Company or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary (the "bankruptcy default provisions");

(8) failure by the Company or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary to pay final judgments currently due for payment aggregating in excess of €15.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final (the "judgment default provision");

(9) any security interest under the Security Documents shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document, any Intercreditor Agreement or the Indenture) with respect to Collateral having a fair market value in excess of €5.0 million for any reason other than the satisfaction in full of all obligations under the Indenture or the release or amendment of any such security interest in accordance with the terms of the Indenture, Intercreditor Agreement or Security Document or any such security interest created thereunder shall be declared invalid or unenforceable or the Company or any other grantor of such Lien shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 10 days (the "security default provision"); and

(10) any Guarantee of the Notes ceases to be in full force and effect (other than in accordance with the terms of such Guarantee or the Indenture) or is declared invalid or unenforceable in a judicial proceeding or any Guarantor denies or disaffirms in writing its obligations under its Guarantee of the Notes and any such Default continues for 10 days (the "guarantee provision").

However, a default under clause (3), (4), (5), (6) or (8) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of 25% in aggregate principal amount of the outstanding Notes notify the Company of the default and, with respect to clauses (3), (4), (5), (6) and (8) the Company does not cure such default within the time specified in clause (3), (4), (5), (6) or (8), as applicable, of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default with respect to the Company described in clause (7) above) occurs and is continuing, the Trustee by notice to the Company or the Holders of at least 25% in aggregate principal amount of the outstanding Notes by written notice to the Company and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest, including Additional Amounts, if any, will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (6) under "*Events of Default*" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (6) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest, including Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

If an Event of Default with respect to the Company described in clause (7) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

The Holders of a majority in aggregate principal amount of the outstanding Notes under the Indenture may waive all past or existing Defaults or Events of Default (except with respect to nonpayment of principal, premium or interest, or Additional Amounts, if any which may only be waived by 75% in aggregate principal amount of the outstanding Notes) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security satisfactory to the Trustee against any loss, liability or expense. Except to enforce the right to receive payment of principal or interest when due, no Holder may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 25% in aggregate principal amount of the outstanding Notes have requested in writing the Trustee to pursue the remedy;

(3) such Holders have offered in writing the Trustee security and/or indemnity against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of security and/or indemnity; and

(5) the Holders of a majority in aggregate principal amount of the outstanding Notes have not given the Trustee a written direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in aggregate principal amount of the outstanding Notes are given the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture will provide that, in the event an Event of Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or that the Trustee determines is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnification and/or security satisfactory to it against all losses and expenses caused by taking or not taking such action.

The Indenture will provide that if a Default occurs and is continuing and the Trustee is informed of such occurrence by the Company, the Trustee must give notice of the Default to the Holders within 60 days after being notified by the Company. Except in the case of a Default in the payment of principal of, or premium, if any, or interest on any Note, the Trustee may withhold notice if and so long as the Trustee in good faith determines that withholding notice is in the interests of the Holders. The Company is required to deliver to the Trustee, within 120 days after the end of each fiscal year commencing with the fiscal year ending December 31, 2013, an Officer's Certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Company is required to deliver to the Trustee, within 30 days after the occurrence thereof, written notice of any events of which it is aware which would constitute a Default, their status and what action the Company is taking or proposes to take in respect thereof.

The Indenture will provide that (i) if a Default occurs for a failure to deliver a required certificate in connection with another default (an "Initial Default") then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "—Reports" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

The Notes provide for the Trustee to take action on behalf of the Holders in certain circumstances, but only if the Trustee is indemnified or secured to its satisfaction. It may not be possible for the Trustee to take certain actions in relation to the Notes and, accordingly, in such circumstances the Trustee will be unable to take action, notwithstanding the provision of an indemnity to it, and it will be for Holders to take action directly. The Trustee will not be liable for any action or inaction taken in accordance with directions of the Holders or if the Trustee is unable to take certain actions in relation to the Notes.

Holders may not enforce the Indenture or the Notes except as provided in the Indenture and may not enforce the Security Documents except as provided in such Security Documents or any Intercreditor Agreement.

AMENDMENTS AND WAIVERS

Subject to certain exceptions, the Notes Documents may be amended, supplemented or otherwise modified with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes). However, without the consent of Holders holding not less than 75% of the then outstanding aggregate principal amount of Notes affected (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, such Notes), an amendment or waiver may not, with respect to any such Notes held by a non-consenting Holder:

(1) reduce the principal amount of such Notes whose Holders must consent to an amendment or waiver;

(2) reduce the stated rate of or extend the stated time for payment of interest on any such Note;

(3) reduce the principal of or extend the Stated Maturity of any such Note;

(4) reduce the premium payable upon the redemption of any such Note or change the time at which any such Note may be redeemed, in each case as described above under "—*Optional Redemption*";

(5) make any such Note payable in currency other than that stated in such Note (except to the extent the currency stated in the Notes has been succeeded or replaced pursuant to applicable law);

(6) impair the right of any Holder to receive payment of principal of and interest or Additional Amounts, if any, on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any such payment on or with respect to such Holder's Notes;

(7) make any change in the provision of the Indenture described under "—*Withholding Taxes*" that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Company agrees to pay Additional Amounts, if any, in respect thereof;

(8) release (i) the security interest in the Collateral granted for the benefit of the Holders or (ii) any Guarantor from any of its obligations under its Guarantee, in each case, other than pursuant to the terms of the Indenture or the relevant Security Document and any Intercreditor Agreement;

(9) change the ranking of the Notes;

(10) waive a Default or Event of Default with respect to the non-payment of principal, premium or interest or Additional Amounts, if any, on the Notes (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration); or

(11) make any change in the amendment or waiver provisions which require the Holders' consent described in this sentence.

Notwithstanding the foregoing, without the consent of any Holder, the Company, the Trustee and the other parties thereto, as applicable, may amend or supplement any Notes Document to:

(1) cure any ambiguity, omission, defect, error or inconsistency, conform any provision to this "*Description of the Notes*," or reduce the minimum denomination of the Notes;

(2) provide for the assumption by a successor Person of the obligations of the Company or any Guarantor under any Notes Document;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes (provided that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code);

(4) add to the covenants or provide for a Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Company or any Restricted Subsidiary;

(5) make any change that does not adversely affect the rights of any Holder in any material respect;

(6) at the Company's election, comply with any requirement of the SEC in connection with the qualification of the Indenture under the Trust Indenture Act, if such qualification is required;

(7) make such provisions as necessary (as determined in good faith by the Company) for the issuance of Additional Notes;

(8) to provide for any Restricted Subsidiary to provide a Guarantee in accordance with the Covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and "*—Certain Covenants—Future Guarantees and Collateral*," to add, directly or indirectly, Guarantees with respect to the Notes, to add, directly or indirectly, security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Guarantee or Lien (including the Collateral and the Security Documents) with respect to or securing the Notes, directly or indirectly, when such release, termination, discharge or retaking is provided for under the Indenture, the relevant Security Documents or any Intercreditor Agreement;

(9) to evidence and provide for the acceptance and appointment under the Indenture and any Intercreditor Agreement of a successor Trustee or Security Agent pursuant to the requirements thereof or to provide for the accession by the Trustee or Security Agent to any Notes Document;

(10) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Security Agent for the benefit of the Holders and the Trustee, in any property which is required by the Indenture to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Security Agent, or to the extent necessary to grant a security interest for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture and the covenant described under "*—Certain Covenants—Impairment of Security Interest*" is complied with;

(11) to add to the covenants or to provide for a Guarantee for the benefit of the Holders, directly or indirectly, or surrender any right or power conferred upon the Company or any Restricted Subsidiary; or

(12) to add security to or for the benefit of the Notes, directly or indirectly, or to effectuate or confirm and evidence the release, termination, discharge or retaking of any Guarantee or Lien or any amendment in respect thereof with respect to or securing the Notes when such release, termination, discharge or retaking or amendment is provided for under the Indenture.

In formulating its decisions on such matters, the Trustee shall be entitled to rely on such evidence as it deems appropriate including Officer's Certificates and Opinions of Counsel.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment of any Notes Document. It is sufficient if such consent approves the substance of the proposed amendment. A consent to any amendment or waiver under the Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

For so long as the Notes are listed on the Euro MTF Market of the Luxembourg Stock Exchange and the rules of such exchange so require, the Company will inform the Luxembourg Stock Exchange of any of the foregoing amendments, supplements and waivers and public a notice of any of the foregoing amendments, supplements and waivers on the website of the Luxembourg Stock Exchange (*www.bourse.lu*). to the extent required by, and in the manner permitted by, the rules of the Luxembourg Stock Exchange.

ACTS BY HOLDERS

In determining whether the Holders of the required aggregate principal amount of the Notes have concurred in any direction, waiver or consent, any Notes owned by the Company or by any Person directly or indirectly controlled, or controlled by, or under direct or indirect common control with, the Company will be disregarded and deemed not to be outstanding.

DEFEASANCE

The Company may at any time terminate all its obligations under the Notes and the Indenture ("legal defeasance") and cure all then existing Defaults and Events of Default, except for certain obligations, including those respecting the defeasance trust, the rights, powers, trusts, duties, immunities and indemnities of the Trustee and the obligations of the Company in connection therewith and obligations concerning issuing temporary Notes, registrations of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust. Subject to the foregoing, if the Company exercises its legal defeasance option, the Security Documents and the rights of the Holders and the Trustee under any Intercreditor Agreement in effect at such time will terminate (other than with respect to the defeasance trust).

The Company may at any time terminate all its obligations under the covenants described under "*—Certain Covenants*" (other than with respect to clauses (1) and (2) of the covenant described under "*—Certain Covenants—Merger and Consolidation—The Company*" and clause (3)(B)(2) of the covenant described under "*—Certain Covenants—Merger and Consolidation—Guarantors*") and "*—Change of Control*" and the default provisions relating to such covenants described under "*—Events of Default*" above, the operation of the cross-default upon a payment default, the cross acceleration provisions, the judgment default provision, the guarantee provision and the security default provision described under "*—Events of Default*" above ("covenant defeasance").

The Company at its option at any time may exercise its legal defeasance option notwithstanding its prior exercise of its covenant defeasance option. If the Company exercises its legal defeasance option, payment of the Notes may not be accelerated because of an Event of Default with respect to the Notes. If the Company exercises its covenant defeasance option with respect to the Notes, payment of the Notes may not be accelerated because of an Event of Default specified in clauses (3) (other than with respect to clauses (1) and (2) of the covenant described under "*—Certain Covenants—Merger and Consolidation—The Company*" and clause (3)(B)(2) of the covenant described under "*—Certain Covenants—Merger and Consolidation—Guarantors*"), (4), (5), (6), (8), (9) or (10) under "*—Events of Default*" above.

In order to exercise either defeasance option, the Company must irrevocably deposit in trust (the "defeasance trust") with the Trustee (or such entity designated by the Trustee for this purpose) for the benefit of the Holders, cash in euro, European Government Obligations denominated in euro or a combination thereof, in such amounts as will be sufficient, in the good faith opinion of the Company, to pay and discharge the principal of, premium, if any, and interest, on the outstanding Notes to redemption or maturity and must comply with certain other conditions, including delivery to the Trustee of:

(1) an Opinion of Counsel in the United States to the effect that Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and

defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law since the issuance of the Notes);

(2) an Officer's Certificate stating that the deposit was not made by the Company with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Company; and

(3) an Officer's Certificate and an Opinion of Counsel (which opinion of counsel may be subject to customary assumptions and exclusions), each stating that that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with.

Satisfaction and Discharge

The Indenture, and the rights of the Trustee and the Holders under the Security Document will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Company) have been delivered to the Paying Agent or Registrar for cancellation; or (b) all Notes not previously delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption in the name, and at the expense, of the Company; (2) the Company has deposited or caused to be deposited with the Trustee (or such entity designated by the Trustee for this purpose) for the benefit of the Holders, cash in euro, European Government Obligations denominated in euro or a combination thereof or in such amounts in an amount sufficient, in the good faith opinion of the Company, to pay and discharge the entire indebtedness on Notes not previously delivered to the Trustee for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Company has paid or caused to be paid all other sums payable under the Indenture; (4) the Company has delivered irrevocable instructions under the Indenture to apply the deposited money towards payment of the Notes at maturity or on the redemption date, as the case may be; and (5) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under the "*—Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with, provided that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

Meeting of Holders of Notes

All meetings of Holders of the Notes will be held in accordance with Italian applicable laws and regulations.

In addition to and without prejudice to the provisions described above under the caption "*—Amendments and Waivers*," in accordance with the provisions set forth under the Italian Civil Code, the Indenture will include provisions for the convening of meetings of the Holders of the Notes to consider any matter affecting their interests, including any amendment, supplement or waiver described above in the first paragraph under the caption "*—Amendments and Waivers*". A meeting may be convened either (i) by the board of directors of the Company, (ii) by the Noteholders' Representative (as defined below) or (iii) upon request by Holders of at least 5.0% of the aggregate principal amount of the outstanding Notes.

According to the Italian Civil Code, the vote required to pass a resolution by a meeting of Holders of the Notes will be (a) in the case of the first meeting, one or more persons that hold or represent Holders of more than one half of the aggregate principal amount of the outstanding Notes, and (b) in the case of the second and any further adjourned meeting, one or more persons that hold or represent Holders of at least two-thirds of the aggregate principal amount of the Notes so present or represented at such meeting. Any such second or further adjourned meeting will be validly held if there are one or more persons present that hold or represent Holders of more than one-third of the aggregate principal amount of the outstanding Notes; *provided*, *however*, that the Company's bylaws may provide for a higher quorum (to the extent permitted under Italian law). Certain proposals, as set out under Article 2415 paragraph 1, item 2, and paragraph 3 of the Italian Civil Code (namely, the amendment of the economic terms and conditions of the Notes) may only be approved by a resolution passed at a meeting of Holders of the Notes (including any adjourned meeting) by one or more persons present that hold or represent Holders of not less than one-half of the aggregate principal amount of the outstanding Notes.

With respect to the matters set forth in the first paragraph under "*—Amendments and Waivers*," and to the extent permitted under Italian law, the Indenture will contractually increase the percentage of the aggregate principal amount of Notes otherwise required by Article 2415 of the Italian Civil Code to pass a resolution with respect to such matters from 50% to 75% of the aggregate principal amount of the outstanding Notes. See "*Risk Factors—Risks Relating to the Notes—The Issuer may amend the economic terms and conditions of the Notes without the prior consent of all the holders of the Notes with the vote of either 75% or 50% of the aggregate principal amount of the outstanding Notes*". Any resolution duly passed at any such meeting shall be binding on all the Holders of the Notes, whether or not such Holder was present at such meeting or voted to approve such resolution. To the extent provided by the Italian Civil Code, the resolutions passed by a meeting of Holders of the Notes can be challenged by Holders pursuant to Articles 2377 and 2379 of the Italian Civil Code.

The Indenture will provide that the provisions described under this "*—Meeting of Holders of Notes*" will be in addition to, and not in substitution of, the provisions described under the caption "*—Amendments and Waivers*". As such and notwithstanding the foregoing, any amendment, supplement and/or waiver, in addition to complying with the provisions described under this "*—Meeting of Holders of Notes*" must also comply with the other provisions described under "*—Amendments and Waivers*".

Noteholders' Representative

A representative of the Holders of the Notes *(rappresentante comune)* (the "Noteholders' Representative") may be appointed pursuant to Articles 2415 and 2417 of the Italian Civil Code by the Holders of the Notes in order to represent the interests of the Holders of the Notes pursuant to Article 2418 of the Italian Civil Code as well as give effect to resolutions passed at a meeting of the Holders of the Notes. Pursuant to the terms of the Indenture, the execution of the Indenture and the issuance and purchase of the Notes on the Issue Date shall be deemed to constitute the authorization and agreement on behalf of the Holders of the Notes of the initial appointment as of the Issue Date of the Trustee as the Noteholders' Representative. If the Noteholders' Representative is not appointed by a meeting of the Holders of the Notes, the Noteholders' Representative shall be appointed by a decree of the Court where the Company has its registered office upon the request of one or more Holders of the Notes or upon the request of the directors of the Company. The Noteholders' Representative remains appointed for a maximum period of three years but may be reappointed again thereafter.

No Personal Liability of Directors, Officers, Employees and Shareholders

No director, officer, employee, incorporator or shareholder of the Company, any Guarantor or any of their respective Subsidiaries or Affiliates, as such, shall have any liability for any obligations of the Company or any other Guarantor under the Notes, the Security Documents, the Indenture, the any Guarantees of the Notes or any Intercreditor Agreement or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the U.S. federal securities laws and it is the view of the SEC that such a waiver is against public policy.

Concerning the Trustee

The Law Debenture Trust Corporation p.l.c. is to be appointed as Trustee under the Indenture. The Indenture will provide that, except during the continuance of an Event of Default, the Trustee will perform only such duties as are set forth specifically in the Indenture. During the existence of an Event of Default, the Trustee will exercise such of the rights and powers vested in it under the Indenture and use the same degree of care that a prudent Person would use in conducting its own affairs. The permissive rights of the Trustee to take or refrain from taking any action enumerated in the Indenture will not be construed as an obligation or duty.

The Indenture will contain limitations on the rights of the Trustee under the Indenture in the event the Trustee becomes a creditor of the Company or any Guarantor. The Trustee will be permitted to engage in other transactions with the Company and its Affiliates and Subsidiaries.

The Indenture will set out the terms under which the Trustee may retire or be removed, and replaced. Such terms will include, among others, (1) that the Trustee may be removed at any time by the Holders of a majority in principal amount of the then outstanding Notes, or may resign at any time by giving written notice to the Company and (2) that if the Trustee at any time (a) fails to meet certain eligibility criteria or (b) becomes incapable of acting as Trustee or becomes insolvent or bankrupt, then the Company may remove the Trustee, or any Holder who has been a *bona fide* Holder for not less than 6 months may petition any court for removal of the Trustee and appointment of a successor Trustee.

Any removal or resignation of the Trustee shall not become effective until the acceptance of appointment by the successor Trustee.

The Indenture will contain provisions for the indemnification of the Trustee by the Company for any loss, liability, taxes and expenses incurred without gross negligence, willful misconduct or fraud on its part, arising out of or in connection with the acceptance or administration of the Indenture.

Notices

All notices to Holders will be validly given if mailed to them at their respective addresses in the register of the Holders, if any, maintained by the Registrar. In addition, for so long as any of the Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange shall so require, notices with respect to the Notes will be published in a newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange (*www.bourse.lu*). In addition, for so long as any Notes are represented by Global Notes, all notices to Holders will be delivered to Euroclear and Clearstream, which will give such notices to the holders of Book-Entry Interests. Such notices may also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*), to the extent and in the manner permitted by the rules of the Luxembourg Stock Exchange.

Each such notice shall be deemed to have been given on the date of such publication or, if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh day after being so mailed. Any notice or communication mailed to a Holder shall be mailed to such Person by first-class mail or other equivalent means and shall be sufficiently given to such Holder if so mailed within the time prescribed. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

Prescription

Claims against the Company or any Guarantor for the payment of principal, or premium, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Company or any Guarantor for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Currency Indemnities and Calculation of Euro-Denominated Restrictions

The euro is the sole currency of account and payment for all sums payable by the Company and any Guarantor under or in connection with the Notes and any Guarantees thereof, including damages. Any amount received or recovered in a currency other than euro or, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Company, any Guarantor or otherwise by any Holder or by the Trustee, in respect of any sum expressed to be due to it from the Company or a Guarantor will only constitute a discharge to the Company or such Guarantor, as applicable, to the extent of the euro amount, which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that euro amount is less than the euro amount expressed to be due to the recipient or the Trustee under any Note, the Company and any Guarantors will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Company and any Guarantors will indemnify the recipient or the Trustee on a joint or several basis against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be *prima facie* evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Company (indicating the sources of information used) the loss it Incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Company's and the Guarantors' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, any Guarantee or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro- denominated restriction herein, the Euro Equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred or made, as the case may be.

Enforceability of Judgments

Since substantially all the assets of the Company are held by Subsidiaries of the Company located outside the United States, any judgment obtained in the United States against the Company or any Guarantor, including judgments with respect to the payment of principal, premium, if any, interest, Additional Amounts, if any, and any redemption price and any purchase price with respect to the Notes or the Guarantees thereof, may not be collectable within the United States.

Consent to Jurisdiction and Service

In relation to any legal action or proceedings arising out of or in connection with the Indenture and the Notes, the Company and each Guarantor will in the Indenture irrevocably submit to the jurisdiction of the federal and state courts in the Borough of Manhattan in the City of New York, County and State of New York, United States.

Governing Law

The Indenture and the Notes, and the rights and duties of the parties thereunder, will be governed by and construed in accordance with the laws of the State of New York.

Certain Definitions

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Company or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"*Additional Assets*" means:

(1) any property or assets (other than Indebtedness and Capital Stock) used or to be used by the Company, a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures on property or assets already used in Similar Business or to replace any property or assets that are the subject of such Asset Disposition shall be deemed an investment in Additional Assets);

(2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or a Restricted Subsidiary; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary.

"*Affiliate*" of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"*Applicable Premium*" means, with respect to a Note on any date of redemption, the greater of:

(A) 1% of the principal amount of such Note; and

(B) the excess (to the extent positive) of:

  (i) the present value at such redemption date of (i) the redemption price of such Note at August 1, 2015 (such redemption price (expressed in percentage of principal amount) being set forth in the table under "—*Optional Redemption*" (excluding accrued but unpaid interest to the redemption date)), plus (ii) all required interest payments due on such Note to and including such date (excluding accrued but unpaid interest and assuming that the rate of interest on such Note applicable on the date on which notice of redemption was given was in effect for the entire period), computed upon the redemption date using a discount rate equal to the Bund Rate at such redemption date plus 50 basis points; over

  (ii) the outstanding principal amount of such Note,

as calculated by the Company or on behalf of the Company by such Person as the Company shall designate. For the avoidance of doubt, calculation of the Applicable Premium shall not be a duty or obligation of the Trustee or Paying Agent.

"*Asset Disposition*" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Company or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory or other assets in the ordinary course of business;

(4) a disposition of obsolete, surplus or worn out equipment or other assets or equipment or other assets that are no longer useful in the conduct of the business of the Company and its Restricted Subsidiaries;

(5) transactions permitted under "*—Certain Covenants—Merger and Consolidation—The Company*" or a transaction that constitutes a Change of Control;

(6) an issuance or sale of Capital Stock (including treasury shares) by a Restricted Subsidiary to the Company or to another Restricted Subsidiary or by the Company as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Company) of less than €3.0 million;

(8) any Restricted Payment that is permitted to be made, and is made, under the covenant described above under "*—Certain Covenants—Limitation on Restricted Payments*" and the making of any Permitted Payment or Permitted Investment;

(9) dispositions in connection with Permitted Liens;

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sublicenses, leases or subleases of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation or any similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms and for credit management purposes) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable in the ordinary course of business;

(14) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary;

(15) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Company or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(16) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(17) any disposition with respect to property built, owned or otherwise acquired by the Company or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by the Indenture;

(18) sales or dispositions of receivables in connection with any Qualified Receivables Financing or any factoring transaction or in the ordinary course of business; and

(19) any disposition pursuant to a contractual arrangement existing at the Issue Date.

"*Associate*" means (i) any Person engaged in a Similar Business of which the Company or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture engaged in a Similar Business entered into by the Company or any Restricted Subsidiary.

"*Board of Directors*" means (1) with respect to the Company or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision requires any action or determination to be made by, or any approval of, a

Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

"*Bund Rate*" means the yield to maturity at the time of computation of direct obligations of the Federal Republic of Germany (*Bunds* or *Bundesanleihen*) with a constant maturity (as officially compiled and published in the most recent financial statistics that has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such financial statistics are not so published or available, any publicly available source of similar market data selected by the Company in good faith)) most nearly equal to the period from the redemption date to August 1, 2015; *provided*, *however*, that if the period from the redemption date to August 1, 2015 is not equal to the constant maturity of a direct obligation of the Federal Republic of Germany for which a weekly average yield is given, the Bund Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of direct obligations of the Federal Republic of Germany for which such yields are given, except that if the period from such redemption date to August 1, 2015 is less than one year, the weekly average yield on actually traded direct obligations of the Federal Republic of Germany adjusted to a constant maturity of one year shall be used.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in Rome, Italy or London, United Kingdom are authorized or required by law to close; *provided*, *however*, that for any payments to be made under the Indenture, such day shall also be a day on which the Trans- European Automated Real-time Gross Settlement Express Transfer ("TARGET") payment system is open for the settlement of payments.

"*Capital Stock*" of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

"*Capitalized Lease Obligations*" means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes and recorded as a liability on the IFRS balance sheet (other than in the footnotes thereto and for the avoidance of doubt excluding obligations which are not recorded as a liability on the balance sheet but are instead reported within memorandum accounts prepared under Italian GAAP). The amount of Indebtedness represented by such obligation will be the amount of such obligation that is required to be capitalized at the time any determination thereof is to be made as determined on the basis of IFRS, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a Permissible Jurisdiction, Switzerland or Norway or, in each case, any agency or instrumentality of thereof (*provided* that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, euro time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof (a "Deposit") held by any lender party to any Credit Facility which is also a party to any Intercreditor Agreement or by any bank or trust company whose commercial paper is rated at least "A-3" or the equivalent thereof by S&P or at least "P-3" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (c) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €250 million;

(3) Deposits in connection with the gaming business of the Company or its Subsidiaries in the ordinary course of business and consistent with past practice held by a bank or a trust

company organized, or authorized to operate as a bank or trust company, under the laws of a Permissible Jurisdiction;

(4) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(5) commercial paper rated at the time of acquisition thereof at least "A-3" or the equivalent thereof by S&P or "P-3" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(6) readily marketable direct obligations issued by any state of the United States of America, any province of Canada or Switzerland, any Permissible Jurisdiction, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(7) Indebtedness or preferred stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(8) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland or Norway eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent); and

(9) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above.

"*Change of Control*" means:

(1) the Company becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company, *provided* that for the purposes of this clause, (x) no Change of Control shall be deemed to occur by reason of the Company becoming a Subsidiary of a Successor Parent and (y) any Voting Stock of which any Permitted Holder is the "beneficial owner" (as so defined) shall not be included in any Voting Stock of which any "person" or "group of related persons" is the "beneficial owner" (as so defined) unless that person or group is not an Affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock;

(2) the adoption of a plan relating to the liquidation or dissolution of the Company; or

(3) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all the assets of the Company and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders,

provided that, in each case, a Change of Control shall not be deemed to have occurred if such Change of Control is also a Specified Change of Control Event.

"*Clearstream*" means Clearstream Banking, a *societe anonyme* as currently in effect or any successor securities clearing agency.

"*Code*" means the United States Internal Revenue Code of 1986, as amended.

"*Collateral*" means the property and assets of the Company or any other Person over which a Lien has been granted to secure the obligations of the Company or any Guarantor under the Notes, any Guarantees of the Notes and the Indenture pursuant to the Security Documents.

"*Conditional Gaming Payments*" means any payment obligations owed by the Company or any Restricted Subsidiary pursuant to any law, regulation or agreement under which a percentage of the income of any gaming machine must be paid out to a third party.

"*Consolidated EBITDA*" for any period means with respect to the Company, without duplication, the Consolidated Net Income of the Company for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense and Receivables Fees;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization and impairment expense (including provisions for bad debt);

(5) any expenses, charges or other costs related to any Equity Offering, Investment, acquisition (including one-time amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business; *provided* that such payments are made in connection with such acquisition and are consistent with the customary practice in the industry at the time of such acquisition), disposition, recapitalization or the Incurrence of any Indebtedness permitted by the Indenture (in each case whether or not successful) (including any such fees or charges related to the Transactions) in each case, as determined in good faith by an Officer of the Company;

(6) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period;

(7) the amount of management, monitoring, consulting and advisory fees and related expenses paid to the Permitted Holders and charged to the income statement for such period to the extent permitted by the covenant described under "*—Certain Covenants—Limitation of Affiliate Transactions*";

(8) fines, penalties or similar amounts charged to the income statement for such period relating to AAMS, other regulators or authorities or pursuant to court orders, judgments or decisions (excluding, for the avoidance of doubt, any taxes paid to AAMS or similar authorities in the ordinary course of business); and

(9) other non-cash charges, write-downs or items reducing Consolidated Net Income (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash outlays in any future period) or other non-cash items classified by the Company as extraordinary, exceptional, unusual or nonrecurring items less other non-cash items of income increasing Consolidated Net Income (other than non-cash items increasing Consolidated Net Income pursuant to clauses (1) through (13) of the definition of Consolidated Net Income and excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period).

Notwithstanding the foregoing, the provision for taxes and the depreciation, amortization, non-cash items, charges and write-downs of a Restricted Subsidiary shall be added to Consolidated Net Income to compute Consolidated EBITDA only to the extent (and in the same proportion, including by reason of minority interests) that the net income (loss) of such Subsidiary was included in calculating Consolidated Net Income for the purposes of this definition.

Unless otherwise specified, Consolidated EBITDA shall be determined on a *pro forma* basis, including the *pro forma* application of proceeds of Indebtedness being incurred in connection with such determination, as per the most recent four fiscal quarters for which financial statements are available immediately preceding such determination.

"*Consolidated Income Taxes*" means taxes or other payments, including deferred Taxes, based on income, profits or capital (including withholding taxes) of any of the Company and its Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any Governmental Authority.

"*Consolidated Interest Expense*" means, for any period (in each case, determined on the basis of IFRS), the consolidated net interest income/expense of the Company and its Restricted Subsidiaries, whether paid or accrued, including any pension liability interest cost, plus or including (without duplication) any interest, costs and charges consisting of:

(1) interest expense attributable to Capitalized Lease Obligations;

(2) amortization of debt discount and premium (for the avoidance of doubt, debt issuance costs, commissions, fees and expenses are not included);

(3) (i) the net payments (if any on the Interest Rate Agreements and Currency Agreements) and (ii) non-cash interest expense (excluding any non-cash interest expense attributable under IFRS to foreign exchange translations or movement in the mark-to-market valuation of Hedging Obligations or other derivative instruments and any deemed finance charge under IFRS in respect of any pension liabilities and other provisions);

(4) dividends on other distributions in respect of all Disqualified Stock of the Company and all Preferred Stock of any Restricted Subsidiary (other than dividend and other distributions payable solely in Capital Stock of the Company (other than Disqualified Stock)), to the extent held by Persons other than the Company or a Subsidiary of the Company;

(5) the consolidated interest expense that was capitalized during such period; and

(6) interest actually paid by the Company or any Restricted Subsidiary under any Guarantee of Indebtedness or other obligation of any other Person,

but excluding any non-cash interest or other expense associated with Subordinated Shareholder Funding.

"*Consolidated Leverage*" means the sum of the aggregate outstanding Indebtedness of the Company and the Restricted Subsidiaries on a consolidated basis (excluding Hedging Obligations except to the extent provided in clause (c) of the penultimate paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*").

"*Consolidated Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Leverage on such date to (y) the Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Company are available; *provided*, *however*, that for the purposes of calculating Consolidated EBITDA for such period, if, as of such date of determination:

(1) since the beginning of such period the Company or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a "Sale") or if the transaction giving rise to the need to calculate the Consolidated Leverage Ratio is such a Sale, Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; *provided* that if any such sale constitutes "discontinued operations" in accordance with IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period;

(2) since the beginning of such period, the Company or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business (any such Investment or acquisition, a "Purchase"), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated

after giving *pro forma* effect thereto as if such Purchase occurred on the first day of such period; and

(3) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into the Company or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Company or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA for such period will be calculated after giving *pro forma* effect thereto as if such Sale or Purchase occurred on the first day of such period.

For the purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense and Consolidated Net Income, (a) calculations will be as determined in good faith by a responsible financial or chief accounting officer of the Company (including in respect of cost savings and synergies) and (b) in determining the amount of Indebtedness outstanding on any date of determination, *pro forma* effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness (other than ordinary working capital borrowings) and the use of the proceeds therefrom as if such transaction had occurred on the first day of the relevant period; *provided*, *however*, that the *pro forma* calculation pursuant to clause (b) shall not give effect to (i) any Indebtedness incurred on the date of determination pursuant to the provisions described in the second paragraph under the caption "*—Certain Covenants—Limitation on Indebtedness*" or (ii) the discharge on the date of determination of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under the caption "*—Certain Covenants—Limitation on Indebtedness*".

"*Consolidated Net Income*" means, for any period, the net income (loss) of the Company and its Restricted Subsidiaries determined on a consolidated basis on the basis of IFRS; *provided*, *however*, that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Company's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution or return on investment (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph of the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," any net income (loss) of any Restricted Subsidiary (other than Guarantors) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company or a Guarantor that holds the Equity Interests of such Restricted Subsidiary by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or the Indenture, and (c) restrictions not prohibited by the covenant described under "*—Certain Covenants—Limitation on Restrictions on Distributions from Restricted Subsidiaries*," except that the Company's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Company or any of the Restricted Subsidiaries (including pursuant to any

sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Company);

(4) any extraordinary, exceptional, unusual or nonrecurring gain, loss, income or expense or any expenses or accruals in respect of any restructuring, redundancy or severance expense or other costs related to the Transactions, in each case, as determined in good faith by the Company;

(5) the cumulative effect of a change in accounting principles;

(6) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions;

(7) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Company or any Restricted Subsidiary owing to the Company or any Restricted Subsidiary;

(11) any purchase accounting effects including adjustments to inventory, property and equipment, software and other intangible assets and deferred revenues in component amounts required or permitted by IFRS and related authoritative pronouncements (including the effects of such adjustments pushed down to the Company and the Restricted Subsidiaries), as a result of any consummated acquisition or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);

(12) any goodwill and other intangible asset impairment charge, amortization and write-off thereof; and

(13) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

"*Consolidated Secured Leverage Ratio*" means the Consolidated Leverage Ratio, but calculated by excluding all Indebtedness other than Secured Indebtedness.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("primary obligations") of any other Person (the "primary obligor"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

   (a) for the purchase or payment of any such primary obligation; or

   (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Credit Facility*" means, with respect to the Company or any of its Subsidiaries, one or more debt facilities, indentures or other arrangements (including revolving credit facilities, commercial paper facilities and overdraft facilities) with banks, other financial institutions or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions and whether provided under one or more credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "*Credit Facility*" shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Agreement*" means, in respect of a Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"*Default*" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the fair market value (as determined in good faith by the Company) of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*"

"*Disinterested Director*" means, with respect to any Affiliate Transaction, a member of the Board of Directors of the Company having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors of the Company shall be deemed not to have such a financial interest by reason of such member's holding Capital Stock of the Company or any Parent or any options, warrants or other rights in respect of such Capital Stock.

"*Disqualified Stock*" means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

(1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Company or a Restricted Subsidiary); or

(3) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part,

in each case on or prior to the earlier of (a) the Stated Maturity of the Notes and (b) the date on which there are no Notes outstanding; *provided*, *however*, that (i) only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*".

"*Equity Offering*" means (x) a sale of Capital Stock of the Company (other than Disqualified Stock) other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions, or (y) the sale of Capital Stock or other securities of a Parent, the proceeds of which are contributed to the equity of, or as Subordinated Shareholder Funding to, the Company or any of the Restricted Subsidiaries (other than contribution to equity through the issuance of Disqualified Stock, through an Excluded Contribution, any such sale the proceeds of which are utilized pursuant to clause (12) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*").

"*Escrowed Proceeds*" means the proceeds from the offering of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"*Euro Equivalent*" means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in *The Financial Times* in the "Currency Rates" section (or, if *The Financial Times* is no longer published, or if such information is no longer available in *The Financial Times*, such source as may be selected in good faith by the Company) on the date of such determination.

"*euro*" or "€" means the 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 by the Treaty on European Union.

"*Euroclear*" means Euroclear Bank SA/NV, or any successor securities clearing agency.

"*European Government Obligations*" means any security that is (1) a direct obligation of Belgium, the Netherlands, France, Germany or any Permissible Jurisdiction, for the payment of which the full faith and credit of such country is pledged or (2) an obligation of a person controlled or supervised by and acting as an agency or instrumentality of any such country the payment of which is unconditionally Guaranteed as a full faith and credit obligation by such country, which, in either case under the preceding clause (1) or (2), is not callable or redeemable at the option of the issuer thereof.

"*European Union*" means all members of the European Union as of January 1, 2004.

"*Exchange Act*" means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Excluded Contribution*" means Net Cash Proceeds or property or assets received by the Company as capital contributions to the equity (other than through the issuance of Disqualified Stock) of the Company after the Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock) of the Company, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Company.

"*fair market value*" wherever such term is used in this "*Description of the Notes*" or the Indenture (except in relation to an enforcement action or certain distressed disposals pursuant to an Intercreditor Agreement and except as otherwise specifically provided in this "*Description of the Notes*" or the Indenture), means, with respect to any asset or property, the sale value that would be obtained in an arm's length free market transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by an Officer or the Board of Directors of the Company pursuant to an Officer's Certificate or a resolution of the Board of Directors of the Company, respectively.

"*Fixed Charge Coverage Ratio*" means, with respect to any specified Person on any determination date, the ratio of the Consolidated EBITDA of such Person for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Company are available to the Consolidated Interest Expense of such Person for such period. In the event that the specified Person or any of its Subsidiaries which are Restricted Subsidiaries Incurs, repays, repurchases, defeases or otherwise acquires, retires or discharges any Indebtedness (other than ordinary working capital borrowings) subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and prior to or, except as provided in the proviso below, on the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible financial or chief accounting officer of the Company (including in respect of cost savings and synergies)) to such Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided*, *however*, that the *pro forma* calculation of the Fixed Charge Coverage Ratio shall not give effect to (i) any Indebtedness incurred on the date of determination pursuant to the provisions described in the second paragraph under the caption "*—Certain Covenants—Limitation on Indebtedness*" or (ii) the discharge on the date of determination of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the first paragraph under the caption "*—Certain Covenants—Limitation on Indebtedness*".

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) if since the beginning of such period the Company or any Restricted Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a "Sale") or if the transaction giving rise to the need to calculate the Fixed Charge Coverage Ratio is such a Sale, (a) Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; *provided* that if any such sale constitutes "*discontinued operations*" in accordance with IFRS, Consolidated Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period; and (b) the Consolidated Interest Expense for such period shall be reduced by an amount equal to the Consolidated Interest Expense directly attributable to any Indebtedness of the Company or any of the Restricted Subsidiaries repaid, repurchased, defeased or otherwise discharged with respect to the Company and the continuing such Restricted Subsidiaries in connection with such Asset Disposition for such period (or, if the Capital Stock of any Restricted Subsidiary is sold, the Consolidated Interest Expense for such period directly attributable to the Indebtedness of such Restricted Subsidiary to the extent the Company and the continuing Restricted Subsidiaries are no longer liable for such Indebtedness after such sale);

(2) if since the beginning of such period, the Company or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted Subsidiary, or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business (any such Investment or acquisition, a "Purchase"), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA and Consolidated Interest Expense

for such period will be calculated after giving *pro forma* effect thereto as if such Purchase occurred on the first day of such period;

(3) if since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into the Company or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Company or a Restricted Subsidiary since the beginning of such period, Consolidated EBITDA and Consolidated Interest Expense for such period will be calculated after giving *pro forma* effect thereto as if such Sale or Purchase occurred on the first day of such period;

(4) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness); and

(5) in making such computation, the Consolidated Interest Expense of such Person attributable to interest or any Indebtedness under a revolving credit facility computed on a *pro forma* basis shall be computed based on the average daily balance of such Indebtedness during the applicable period.

"*Governmental Authority*" means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

"*Guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

provided, *however*, that the term "Guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"*Guarantor*" means any person that becomes a Guarantor in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the Guarantee of the Notes of such Person has been released in accordance with the provisions of the Indenture.

"*Hedging Agreement*" means any Interest Rate Agreement or Currency Agreement.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Hedging Agreement.

"*Holdco*" means TCP Lux Eurinvest S.à r.l., a *societe a responsabilite limitee* incorporated under the laws of Luxembourg, and any successor thereto.

"*Holder*" means the registered holder of the Notes.

"*IFRS*" means the Italian law governing the preparation of consolidated financial statements, as interpreted and integrated by the accounting principles established by the Organismo Italiano di Contabilità—OIC ("*Italian GAAP*") as in effect from time to time At any date after the Issue Date the Company may make an irrevocable election to establish that "IFRS" shall mean International Financial Reporting Standards as endorsed by the European Union from time to time, and upon such election, references to "IFRS" will be construed to mean International Financial Reporting Standards as endorsed by the European Union from time to time with which the Company or its Restricted Subsidiaries are, or may be, required to comply. Upon first reporting its fiscal year results under International Financial Reporting Standards, the Company shall restate its financial statements in accordance with International Financial Reporting Standards for the fiscal year immediately prior to the first fiscal year for which financial statements have been prepared in accordance with International Financial Reporting Standards. In addition, following the election referred to in the paragraph:

(i) all ratios, computations, and other determinations based on Italian GAAP contained in the Indenture shall be computed in accordance with International Financial Reporting Standards as endorsed by the European Union with retroactive effect being given thereto assuming that such election had been made on the Issue Date; except that for the calculation of any amounts available for Restricted Payments pursuant to sub-clause (c)(i) of the second paragraph under the caption "*—Certain Covenants—Limitation on Restricted Payments*", at the date of election, the Company shall make a determination of the amount available for Restricted Payments under such sub-clause based on the most recent quarter for which internal consolidated financial statements of the Company are available under Italian GAAP (the "*Election Date Amount*"), and from such date, will calculate amounts available for Restricted Payments pursuant to sub-clause (c)(i) of the second paragraph under the caption "*—Certain Covenants—Limitation on Restricted Payments*" by taking (i) the Election Date Amount and adding or subtracting (as the case may be) (ii) any further amounts determined for future periods using International Financial Reporting Standards as endorsed by the European Union; and

(ii) with respect to the definition of "*Indebtedness*," any current or future lease, concession or license of property, including any gaming machines, (or Guarantee thereof) which would be considered an operating lease under Italian GAAP as of the Issue Date shall always be considered an operating lease under IFRS.

"*Immaterial Subsidiary*" means any Restricted Subsidiary that (i) has not guaranteed any other Indebtedness of the Company or any Guarantor and (ii) (A) has total assets (as determined on a consolidated basis in accordance with IFRS) of less than 5% of the Company's consolidated Total Assets and (B) has Consolidated EBITDA of less than 5% of the Company's Consolidated EBITDA in each case, measured based on the Company's audited annual reports delivered to the Trustee pursuant to the Indenture (the "Annual Report"). The determination of whether a Subsidiary is an Immaterial Subsidiary shall be determined in good faith by a responsible financial or chief accounting officer of the Company (i) on the basis of management accounts based on the Annual Report and excluding intercompany balances, investments in subsidiaries and joint ventures and intangible assets and (ii) by giving pro forma effect to any acquisitions or depositions of companies, division or lines of business since such balance sheet date or the start of such four quarter period, as applicable.

"*Incur*" means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and the terms "*Incurred*" and "*Incurrence*" have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be "Incurred" at the time any funds are borrowed thereunder.

"*Indebtedness*" means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters of credit or other instruments plus the aggregate amount of drawings thereunder that have been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of Incurrence), in each case only to the extent that the

underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto, unless such arrangements are entered into customarily by customers of the Company or its Subsidiaries;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided*, *however*, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined in good faith by the Company) and (b) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "Indebtedness" shall not include Subordinated Shareholder Funding or any current or future lease, concession or license of property, including any gaming machines, (or Guarantee thereof) which would be considered an operating lease under IFRS as in effect on the Issue Date, any asset retirement obligations, any deposits received from clients or customers in the ordinary course of business, or obligations under any license, permit or other approval (or guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business. For the avoidance of doubt and notwithstanding the above, the term "Indebtedness" excludes any accrued expenses and trade payables.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in the Indenture, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (7) or (8) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto and for the avoidance of doubt excluding obligations which are not recorded on the balance sheet but are instead reported within memorandum accounts prepared under Italian GAAP) prepared on the basis of IFRS.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

(i) Contingent Obligations Incurred in the ordinary course of business, obligations under or in respect of Qualified Receivables Financings including Standard Securitization Undertakings and accrued liabilities Incurred in the ordinary course of business that are not more than 90 days past due;

(ii) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided*, *however*, that if, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter;

(iii) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes;

(iv) deferred payments or similar amounts owed in respect of gaming taxes or concessions or other similar arrangements (or Guarantees thereof by either the Company or a Restricted Subsidiary, or arranged or provided by a third party on behalf of the Company or a Restricted Subsidiary) and any Conditional Gaming Payments; or

(v) Guarantees of the Company or a Restricted Subsidiary in respect of rent or leases of premises incurred or undertaken in the ordinary course of business.

"*Independent Financial Advisor*" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; *provided*, *however*, that such firm or appraiser is not an Affiliate of the Company.

"*Initial Investors*" means Trilantic Capital Partners Management Limited and any funds or partnerships managed or advised, directly or indirectly, by Trilantic Capital Partners Management Limited or an Affiliate thereof, and, solely in their capacity as such, any limited partner of any such partnership or fund.

"*Initial Public Offering*" means a Public Offering of common stock or other common equity interests of the Company or any Parent or any successor of the Company or any Parent (the "IPO Entity") following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"*Interest Rate Agreement*" means, with respect to any Person, any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared on the basis of IFRS; *provided*, *however*, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Company or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Company or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time.

For purposes of "*—Certain Covenants—Limitation on Restricted Payments*:"

(1) "*Investment*" will include the portion (proportionate to the Company's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided*, *however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Company's "Investment" in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to the Company's equity interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined by the Board of Directors of the Company in good faith) of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the Company.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Company's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"*Investment Grade*" means (i) BBB- or higher by S&P, (ii) Baa3 or higher by Moody's, or (iii) the equivalent of such ratings by S&P or Moody's, or of another Nationally Recognized Statistical Ratings Organization.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by a Permissible Jurisdiction or Switzerland, Norway or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "A-" or higher from S&P or "A3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Company and its Subsidiaries; and

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

"*Investment Grade Status*" shall occur when the Notes receive both of the following:

(1) a rating of "BBB-" or higher from S&P; and

(2) a rating of "Baa3" or higher from Moody's;

or the equivalent of such rating by either such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"*IPO Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"*Issue Date*" means August 1, 2013.

"*Italian Civil Code*" means the Italian civil code, enacted by Royal Decree No. 262 of March 16, 1942, as subsequently amended and supplemented.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Company or any Restricted Subsidiary:

(1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person's purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Company, its Subsidiaries or any Parent with (in the case of this sub-clause (b)) the approval of the Board of Directors;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) not exceeding €5.0 million in the aggregate outstanding at any time.

"*Management Investors*" means the officers, directors, employees and other members of the management of or consultants to any Parent, the Company or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company, any Restricted Subsidiary or any Parent.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*Moody's*" means Moody's Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*Nationally Recognized Statistical Rating Organization*" means a nationally recognized statistical rating organization within the meaning of 3(c)(62) under the Exchange Act.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under IFRS (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness pursuant to clause (7) of the second paragraph of the covenant described under the caption "*—Certain Covenants—Limitation on Indebtedness*" secured by any assets subject to such Asset Disposition, or which by applicable law are required to be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Company or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of IFRS, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition.

"*Net Cash Proceeds*," with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

"*New Holdco*" means the Person who is a directly held Subsidiary of Holdco which becomes the new direct holding company of the Company.

"*Notes Documents*" means the Indenture, the Notes (including Additional Notes), the Security Documents and any Intercreditor Agreement.

"*Offering Memorandum*" means the offering memorandum in relation to the Notes.

"*Officer*" means, with respect to any Person, (1) the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, any

Managing Director, or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an "Officer" for the purposes of the Indenture by the Board of Directors of such Person.

"*Officer's Certificate*" means, with respect to any Person, a certificate signed by one Officer of such Person.

"*Opinion of Counsel*" means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Company or its Subsidiaries.

"*Parent*" means Holdco on the Issue Date and thereafter any Person of which the Company at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

"*Parent Expenses*" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Company or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Company and its Subsidiaries;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Company and its Subsidiaries;

(4) fees and expenses payable by any Parent in connection with the Transactions;

(5) general corporate overhead expenses, including (a) professional fees and expenses and other operational expenses of any Parent related to the ownership or operation of the business of the Company or any of its Restricted Subsidiaries or (b) costs and expenses with respect to any litigation or other dispute relating to the Transactions or the ownership, directly or indirectly, by any Parent;

(6) other fees, expenses and costs relating directly or indirectly to activities of the Company and its Subsidiaries or any Parent or any other Person which holds directly or indirectly any Capital Stock or Subordinated Shareholder Funding of the Company, in an amount not to exceed €0.2 million in any fiscal year; and

(7) expenses Incurred by any Parent in connection with any Public Offering or other sale of Capital Stock or Indebtedness:

    (x) where the net proceeds of such offering or sale are intended to be received by or contributed to the Company or a Restricted Subsidiary;

    (y) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or

    (z) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Company or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"*Pari Passu Indebtedness*" means any Indebtedness of the Company or any Guarantor that ranks equally in right of payment to the Notes or any Guarantees of the Notes, as the case may be.

"*Paying Agent*" means any Person authorized by the Company to pay the principal of (and premium, if any) or interest on any Note on behalf of the Company.

"*Permissible Jurisdiction*" means any member state of the European Union (other than Greece).

"*Permitted Asset Swap*" means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between the Company or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*".

"*Permitted Business*" means (1) any businesses in activities engaged in by the Company or any of its Subsidiaries on the Issue Date or (2) any businesses that are related, complementary, incidental, ancillary or similar to the foregoing or are reasonable extensions or developments of any thereof.

"*Permitted Collateral Liens*" means (a) Liens on the Collateral that are described in one or more of clauses (2) through (6), (8), (9), (11), (18), (19) and (22) of the definition of "Permitted Liens" and that, in each case, would not materially interfere with the ability of the Security Agent to enforce the security interest in the Collateral; (b) Liens on the Collateral to secure Indebtedness of the Company or a Guarantor that is permitted to be Incurred under clauses (1), (2) (in the case of (2), to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (4)(a), (6), (11) or (12) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and any Refinancing Indebtedness in respect of such Indebtedness; *provided*, *however*, that (i) each of the parties thereto will have entered into an Intercreditor Agreement and (ii) all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secure the Notes or the Guarantees on a senior or *pari passu* basis; provided with respect to Indebtedness incurred under clauses (1) and (6) (in the case of (6) in respect of Interest Rate Agreements only) of the second paragraph of the covenant entitled—*Limitation on Indebtedness*", such Lien may rank senior to the Liens securing the Notes with respect to distributions of proceeds of any enforcement of Collateral or distressed disposals; (c) Liens on the Collateral securing Indebtedness incurred under the first paragraph of "*—Certain Covenants—Limitation on Indebtedness*" and any Refinancing Indebtedness in respect of such Indebtedness; and (d) Liens on the Collateral that secure Indebtedness on a basis junior to the Notes or the Guarantees thereof, as applicable; *provided* that, in the case of this clause (d), such property and assets (including the Collateral), also secures the Notes or the Guarantees thereof on a senior basis; *provided further* that the holders of such Indebtedness (or their representative) accede to an Intercreditor Agreement that ranks such Liens junior to the Liens securing the Notes regardless of the time such Liens are granted.

"*Permitted Holders*" means, collectively, (x) the Initial Investors, and (y) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Company, acting in such capacity. Any person or group whose acquisition of beneficial ownership constitutes (1) a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture or (2) a Change of Control which is also a Specified Change of Control Event, will thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investment*" means (in each case, by the Company or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Company or (b) a Person (including the Capital Stock of any such Person) that is engaged in any Similar Business and such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if such Person is engaged in any Similar Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Company or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;

(5) Investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances;

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Company or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition (but excluding a Permitted Asset Swap), in each case, that was made in compliance with "*—Certain Covenants—Limitation on Sales of Assets and Subsidiary Stock*;"

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Issue Date;

(10) Currency Agreements, Interest Rate Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with "*—Certain Covenants—Limitation on Indebtedness*;"

(11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment not to exceed the greater of (x) €15.0 million and (y) 15% of Consolidated EBITDA (measured at the time of making such Investment); *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "*—Certain Covenants—Limitation on Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under "*—Certain Covenants—Limitation on Liens*;"

(13) any Investment to the extent made using Capital Stock of the Company (other than Disqualified Stock) or Capital Stock of any Parent as consideration;

(14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Affiliate Transactions*" (except those described in clauses (1), (3), (6), (8), (9) and (12) of that paragraph);

(15) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and in accordance with the Indenture;

(16) guarantees, keepwells and similar arrangements not prohibited by the covenant described under "*—Certain Covenants—Limitation on Indebtedness*;"

(17) loans or advances to gaming machine site owners or gaming machine sub-operators in the ordinary course of business;

(18) Investments in licenses, concessions, authorizations, franchises, permits or similar arrangements that are related to the Company's or any Restricted Subsidiary's business; and

(19) Investments in the Notes or other Indebtedness of the Company or a Guarantor that is not subordinated to the Notes or any Guarantee of the Notes.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Guarantor;

(2) pledges, deposits or Liens under workmen's compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, trade obligations or to secure surety, indemnity, judgment, appeal or performance bonds or guarantees, guarantees of government or regulatory contracts or obligations (or other similar bonds, instruments or obligations), or as security for contested taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business (including, in each case, to secure letters of credit or similar instruments to assure payment of such obligation);

(3) Liens imposed by law, including carriers', warehousemen's, mechanics', landlords', materialmen's and repairmen's or other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

(4) Liens for taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; *provided* that appropriate reserves required pursuant to IFRS have been made in respect thereof;

(5) Liens in favor of the issuer of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Company or any Restricted Subsidiary in the ordinary course of its business;

(6) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Company and its Restricted Subsidiaries or to the ownership of its properties which do not materially impair their use in the operation of the business of the Company and the Restricted Subsidiaries;

(7) Liens on assets or property of the Company or any Restricted Subsidiary securing Hedging Obligations permitted under the Indenture;

(8) licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;

(9) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;

(10) Liens on assets or property of the Company or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under the Indenture and (b) any such Lien may not extend to any assets or property of the Company or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) Liens arising by virtue of any statutory or common law provisions relating to banker's liens, rights of setoff or similar rights and remedies as to deposit accounts or other funds maintained with a depositary or financial institution;

(12) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Company and its Restricted Subsidiaries in the ordinary course of business;

(13) Liens existing on the Issue Date;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Company or a Restricted Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Company or any Restricted Subsidiary); *provided*, *however*, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted Subsidiary (or such acquisition of such property, other assets or stock); *provided*, *further*, that such Liens are limited to all or part of the same property, other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;

(15) Liens on assets or property of the Company or any Restricted Subsidiary securing Indebtedness or other obligations of the Company or such Restricted Subsidiary owing to the Company or any Restricted Subsidiary, or Liens in favor of the Company or any Restricted Subsidiary;

(16) Liens (other than Permitted Collateral Liens) securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(18) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;

(19) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(20) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(21) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or liens over cash accounts securing cash management services (including overdrafts), to implement cash pooling arrangements or to cash-collateralize letters of credit;

(22) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(23) Liens Incurred with respect to Indebtedness which does not exceed €5.0 million at any one time outstanding;

(24) Permitted Collateral Liens;

(25) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(26) Liens on Receivables Assets Incurred in connection with a Qualified Receivables Financing;

(27) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(28) Liens over cash paid into an escrow account pursuant to any purchase price retention arrangement as part of any permitted disposal by the Company or a Restricted Subsidiary on condition that the cash paid into such escrow account in relation to a disposal does not represent more than 15% of the net proceeds of such disposal; and

(29) Liens created for the benefit of (or to secure) the Notes and the Guarantees thereof.

"*Permitted Reorganization*" means a reorganization transaction comprising the incorporation of New Holdco and the transfer of the Capital Stock of the Company (including, for the avoidance of doubt, any warrants in respect thereof) held by Holdco to New Holdco which complies with the requirements of the covenant described under "*—Certain Covenants—Permitted Reorganization*".

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

"*Preferred Stock*," as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"*Priority Indebtedness*" means Indebtedness (other than Indebtedness Incurred pursuant to clauses (3), (4) (a) to (c), (5), (7), (8), (9), (10) and (13) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" and without double counting) (a) directly issued by or that has the benefit of a Guarantee of any Restricted Subsidiary of the Company that is not a Guarantor outstanding at any time and (b) incurred by the Company or any Restricted Subsidiary and secured by a Lien on property or assets that do not secure the Notes and/or any Guarantee on an equal and ratable or priority basis.

"*Public Market*" means any time after:

(1) a Public Offering has been consummated;

(2) at least 20% of the total issued and outstanding shares of common stock or other common equity interests of the IPO Entity has been distributed to investors other than the Initial Investors or any other direct or indirect shareholders of the Company as of the Issue Date; and

(3) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of €100 million on the date of such Equity Offering have been distributed pursuant to such Public Offering.

"*Public Offering*" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

"*Purchase Money Obligations*" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*Qualified Receivables Financing*" means any Receivables Financing of a Receivables Subsidiary that meets the following conditions: (1) the Board of Directors of the Company shall have determined in good faith that such Qualified Receivables Financing (including financing terms, covenants, termination events and other provisions) is in the aggregate economically fair and reasonable to the Company and the Receivables Subsidiary, (2) all sales of accounts receivable and related assets to the Receivables Subsidiary are made at fair market value (as determined in good faith by the Company), and (3) the financing terms, covenants, termination events and other provisions thereof shall be on market terms (as determined in good faith by the Company) and may include Standard Securitization Undertakings.

The grant of a security interest in any accounts receivable of the Company or any of its Restricted Subsidiaries (other than a Receivables Subsidiary) to secure Indebtedness under a Credit Facility or Indebtedness in respect of the Notes shall not be deemed a Qualified Receivables Financing.

"*Receivables Assets*" means any assets that are or will be the subject of a Qualified Receivables Financing.

"*Receivables Fees*" means distributions or payments made directly or by means of discounts with respect to any participation interest issued or sold in connection with, and other fees paid to a Person that is not a Restricted Subsidiary in connection with, any Receivables Financing.

"*Receivables Financing*" means any transaction or series of transactions that may be entered into by the Company or any of its Subsidiaries pursuant to which the Company or any of its Subsidiaries may sell, convey or otherwise transfer to (a) a Receivables Subsidiary (in the case of a transfer by the Company or any of its Subsidiaries), or (b) any other Person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Company or any of its Subsidiaries, and any assets related thereto, including all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interest are customarily granted in connection with asset securitization transactions involving accounts receivable and any Hedging Obligations entered into by the Company or any such Subsidiary in connection with such accounts receivable.

"*Receivables Repurchase Obligation*" means any obligation of a seller of receivables in a Qualified Receivables Financing to repurchase receivables arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a receivable or portion thereof becoming subject to any asserted defense, dispute, off-set or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Receivables Subsidiary*" means a Wholly Owned Subsidiary of the Company (or another Person formed for the purposes of engaging in a Qualified Receivables Financing with the Company in which the Company or any Subsidiary of the Company makes an Investment and to which the Company or any Subsidiary of the Company transfers accounts receivable and related assets) which engages in no activities other than in connection with the financing of accounts receivable of the Company and its Subsidiaries, all proceeds thereof and all rights (contractual or other), collateral and other assets relating thereto, and any business or activities incidental or related to such business, and which is designated by the Board of Directors of the Company (as provided below) as a Receivables Subsidiary and:

(1) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Company or any Restricted Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings), (ii) is subject to terms that are substantially equivalent in effect to a guarantee of any losses on securitized or sold receivables by the Company or any Restricted Subsidiary, (iii) is recourse to or obligates the Company or any Restricted Subsidiary in any way other than pursuant to Standard Securitization Undertakings, or (iv) subjects any property or asset of the Company or any Restricted Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) with which neither the Company nor any Restricted Subsidiary has any contract, agreement, arrangement or understanding other than on terms which the Company reasonably believes to be no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons that are not Affiliates of the Company; and

(3) to which neither the Company nor any Restricted Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a copy of the resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions.

"*Refinance*" means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, amend, extend, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms "*refinances*," "*refinanced*" and "*refinancing*" as used for any purpose in the Indenture shall have a correlative meaning.

"*Refinancing Indebtedness*" means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of the Indenture or Incurred in compliance with the Indenture (including Indebtedness of the Company that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Company or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided*, *however*, that:

(1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final Stated Maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final Stated Maturity of the Indebtedness being refinanced or, if shorter, the Notes;

(2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and

(3) if the Indebtedness being refinanced is expressly subordinated to the Notes or the Guarantees thereof, such Refinancing Indebtedness is subordinated to the Notes or the Guarantees thereof on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced,

provided, *however*, that Refinancing Indebtedness shall not include (x) Indebtedness of the Company or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary and (y) Indebtedness of a Restricted Subsidiary that is not a Guarantor that refinances Indebtedness of the Company or a Guarantor.

Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

"*Related Person*" means, with respect to any Permitted Holder:

(1) any controlling equityholder or Subsidiary of such Person; or

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) in the case of any Initial Investor, any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Related Taxes*" means, without duplication:

(1) any Taxes, including sales, use, transfer, rental, *ad valorem*, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding Taxes), required to be paid (provided such Taxes are in fact paid) by any Parent by virtue of its:

(a) being organized or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Company or any of the Company's Subsidiaries);

(b) issuing or holding Subordinated Shareholder Funding;

(c) being a holding company parent, directly or indirectly, of the Company or any of the Company's Subsidiaries;

(d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Company or any of the Company's Subsidiaries; or

(e) having made any payment in respect to any of the items for which the Company is permitted to make payments to any Parent pursuant to "*—Certain Covenants—Limitation on Restricted Payments*"; or

(2) if and for so long as the Company is a member of a group filing a consolidated or combined tax return with any Parent, any Taxes measured by income or VAT for which such Parent is liable or any amount corresponding to the saving of any Taxes transferred by the Parent to the group up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Company and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Company and its Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Company and its Subsidiaries.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"*Reversion Date*" means, after the Notes have achieved Investment Grade Status, the date, if any, that such Notes shall cease to have such Investment Grade Status.

"*S&P*" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*SEC*" means the U.S. Securities and Exchange Commission or any successor thereto.

"*Secured Indebtedness*" means (without double counting) (a) any Indebtedness of the Company or a Restricted Subsidiary secured by a Lien on any portion of the Collateral or assets of the Company or the Restricted Subsidiaries and (b) Indebtedness of a Restricted Subsidiary that is not a Guarantor other than, in each case, Indebtedness Incurred under clauses (2), (3), (7), (8), (9), (10) and (13) of the second paragraph of the covenant described under "*—Certain Covenants—Limitation on Indebtedness*" (in the case of (7) and (13) other than with respect to Liens on the Collateral).

"*Securities Act*" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"*Security Documents*" means any security documents and other instruments and documents executed and delivered pursuant to the Indenture or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time and pursuant to which Collateral is pledged, assigned or granted to or for the ratable benefit of the Holders and the Trustee or notice of such pledge, assignment or grant is given.

"*Senior Management*" means the officers, directors, and other members of senior management of the Company or any of its Subsidiaries.

"*Significant Subsidiary*" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Company's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the Total Assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Company's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of its Restricted Subsidiary exceeds 10% of the Total Assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Company's and its Restricted Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Restricted Subsidiary exceeds 10% of such income of the Company and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Company or any of its Subsidiaries or any Associates on the Issue Date, and (b) any businesses, services and activities engaged in by the Company or any of its Subsidiaries or any Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Specified Change of Control Event*" means the occurrence of any event that would constitute a Change of Control pursuant to the definition thereof; provided that immediately prior to the occurrence of such event and immediately thereafter, and giving *pro forma* effect thereto, the Consolidated Leverage Ratio would have been less than 2.5 to 1.0. Notwithstanding the foregoing, only one Specified Change of Control Event in relation to clauses (1) and (3) of the definition of "Change of Control" shall be permitted under the Indenture after the Issue Date.

"*Standard Securitization Undertakings*" means representations, warranties, covenants, indemnities and guarantees of performance entered into by the Company or any Subsidiary of the Company which the Company has determined in good faith to be customary in a Receivables Financing, including those relating to the servicing of the assets of a Receivables Subsidiary, it being understood that any Receivables Repurchase Obligation shall be deemed to be a Standard Securitization Undertaking.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Indebtedness*" means, with respect to any Person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes or the Guarantees thereof pursuant to a written agreement.

"*Subordinated Shareholder Funding*" means, collectively, any funds provided to the Company by a Parent or a Permitted Holder in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by a Parent or a Permitted Holder, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided*, *however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes

(other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Company or any funding meeting the requirements of this definition);

(2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes;

(4) does not provide for or require any security interest or encumbrance over any asset of the Company or any of its Subsidiaries; and

(5) pursuant to its terms is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding.

"*Subsidiary*" means, with respect to any Person:

(1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or

(2) any partnership, joint venture, limited liability company or similar entity of which:

  (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and

  (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Successor Parent*" with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date).

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest and penalties applicable thereto) that are imposed or levied by any government or other taxing authority.

"*Tax Sharing Agreement*" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's-length terms entered into with any Parent or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of the Indenture.

"*Temporary Cash Investments*" means any of the following:

(1) any investment in

  (a) direct obligations of, or obligations Guaranteed by, (i) the United States of America or Canada, (ii) any Permissible Jurisdiction, (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Company or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state; or

(b) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(a) any lender under any Credit Facility which is also a party to any Intercreditor Agreement;

(b) any institution authorized to operate as a bank in any of the countries or member states referred to in subclause (1)(a) above; or

(c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of €250 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Company or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, any Permissible Jurisdiction or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States, Canada, a Permissible Jurisdiction, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"*Total Assets*" means the consolidated total assets of the Company and its Restricted Subsidiaries as shown on the most recent balance sheet of such Person prepared in accordance with IFRS.

"*Transactions*" means the issuance of the Notes and the application of proceeds therefrom as described under "*Use of Proceeds*" in the Offering Memorandum.

"*Trust Indenture Act*" means the U.S. Trust Indenture Act of 1939, as amended.

"*Uniform Commercial Code*" means the New York Uniform Commercial Code.

"*Unrestricted Subsidiary*" means:

(1) any Subsidiary of the Company that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Company in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Company may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein but not including the Company) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Company or any other Subsidiary of the Company which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Company in such Subsidiary complies with "*—Certain Covenants—Limitation on Restricted Payments*".

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Company may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Company could Incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in clause (1) of the first paragraph under the "*—Certain Covenants—Limitation on Indebtedness*" covenant or (y) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such designation, in each case, on a *pro forma* basis taking into account such designation. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*Voting Stock*" of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

"*Wholly Owned Subsidiary*" means a Restricted Subsidiary, all of the Voting Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Company or another Wholly Owned Subsidiary) is owned by the Company or another Wholly Owned Subsidiary.

Book-entry, delivery and form

General

Notes sold within the United States to QIBs in reliance on Rule 144A (the "**Rule 144A Notes**") under the U.S. Securities Act will be represented by one or more global notes in registered form without interest coupons attached (collectively, the "**Rule 144A Global Notes**"). The Rule 144A Global Notes will be deposited with, or on behalf of, a common depositary (the "**Common Depositary**") for the accounts of Euroclear Bank SA./NV, as operator of the Euroclear system ("**Euroclear**"), and Clearstream Banking, *société anonyme* ("**Clearstream**") and registered in the name of the nominee of the Common Depositary.

Notes sold outside the United States in reliance on Regulation S (the "**Regulation S Notes**") under the U.S. Securities Act will be represented by one or more global notes in registered form without interest coupons attached (collectively, the "**Regulation S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**"). The Regulation S Global Notes will be deposited with, or on behalf of, the Common Depositary and registered in the name of the nominee of the Common Depositary.

Except as set forth below, the Notes will be issued in registered, global form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. Notes will be issued at the closing of this offering only against payment in immediately available funds.

Ownership of interests in the Rule 144A Global Notes (the "**Restricted Book-Entry Interests**") and in the Regulation S Global Notes (the "**Regulation S Book-Entry Interests**" and, together with the Restricted Book-Entry Interests, the "**Book-Entry Interests**") will be limited to persons that have accounts with Euroclear and/or Clearstream, or persons that hold interests through such participants or otherwise in accordance with applicable transfer restrictions set out in the Indenture governing the Notes and any applicable securities laws of any state of the United States or any other jurisdiction. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of certificated Notes.

Book-Entry Interests will be shown on, and transfers thereof will be done only through, records maintained in book- entry form by Euroclear and Clearstream and their respective participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive certificated form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or "**holders**" of Notes for any purpose.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominees), as applicable, will be considered the sole holders of Global Notes for all purposes under the Indenture. In addition, participants in Euroclear and/or Clearstream must rely on the procedures of Euroclear and/or Clearstream, as the case may be, and indirect participants must rely on the procedures of Euroclear, Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders under the Indenture.

Neither the Issuer nor the Trustee nor any of their respective agents and neither the Registrar nor the Transfer Agent will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Redemption of the Global Notes

In the event any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream (or their respective nominee), as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The Common Depositary will surrender such Global Note to the Registrar for a cancellation or, in the case of a partial redemption, the Common Depositary will request the Registrar or the Trustee to mark down, endorse and return the applicable Global Note to reflect the reduction in the principal amount of such Global Note as a result of such partial redemption. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that, under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or on such other basis as they deem fair and appropriate; *provided*, *however*, that no Book-Entry Interest of less than €100,000 in principal amount may be redeemed in part.

Payments on Global Notes

The Issuer will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and additional interest, if any) to the Common Depositary or its nominee for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their customary procedures. The Issuer will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under "*Description of the Notes—Withholding Taxes*". If any such deduction or withholding is required to be made, then, to the extent described under "*Description of the Notes—Withholding Taxes*", the Issuer will pay additional amounts as may be necessary in order that the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book- Entry Interest, as the case may be, absent such withholding or deduction. The Issuer expects that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, the Issuer and the Trustee will treat the registered holders of the Global Notes (i.e., the common depositary Euroclear or Clearstream (or its nominee)) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer nor the Trustee nor any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest or for maintaining, supervising or reviewing the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or
- Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

Currency of Payment for the Global Notes

Except as may otherwise be agreed between Euroclear and/or Clearstream and any holder, the principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests in such Notes through Euroclear and/or Clearstream in euros.

Payments will be subject in all cases to any fiscal or other laws and regulations (including any regulations of the applicable clearing system) applicable thereto. Neither the Issuer nor the Trustee nor the Initial Purchasers nor any of their respective agents will be liable to any holder of a Global Note or any other person for any commissions, costs, losses or expenses in relation to or resulting from any currency conversion or rounding effected in connection with any such payment.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of Euroclear and Clearstream reserves the right to exchange the Global Notes for definitive registered Notes in certificated form (the "**Definitive Registered Notes**"), and to distribute such Definitive Registered Notes to its participants.

Transfers

Transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of Euroclear and Clearstream and their respective direct or indirect participants, which rules and procedures may change from time to time.

The Global Notes will bear a legend to the effect set forth in "*Transfer restrictions*". Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers as discussed in "*Transfer restrictions*".

Transfers of Restricted Book-Entry Interests to persons wishing to take delivery of Restricted Book-Entry Interests will at all times be subject to the transfer restrictions contained in the legend appearing on the face of the Rule 144A Global Note, as set forth in "*Transfer restrictions*".

Restricted Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144A or any other exemption (if available) under the U.S. Securities Act.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Restricted Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

The Notes represented by the Global Notes are expected to be listed on the Euro MTF Market. Transfers of interests in the Global Notes between participants in Euroclear and Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures, which rules and operating procedures may change from time to time.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, the Trustee, the Paying Agent or any of their respective agents will have any responsibility for the performance by Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive Definitive Registered Notes if:

- Euroclear or Clearstream notifies the Issuer that it is unwilling or unable to continue as depositary for the Global Notes, and the Issuer fails to appoint a successor;
- Euroclear or Clearstream so requests following an event of default under the Indenture; or
- the owner of a Book-Entry Interest requests such exchange in writing delivered through either Euroclear or Clearstream, as applicable, following an event of default under the Indenture.

Euroclear has advised the Issuer that upon request by an owner of a Book-Entry Interest, its current procedure is to request that the Issuer issue or cause to be issued Notes in definitive registered form to all owners of Book-Entry Interests.

In such an event, the Registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend set forth in "*Transfer Restrictions*", unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, the Issuer, the Trustee, the Paying Agents, the Registrars and the Transfer Agents shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof.

In the case of the issuance of Definitive Registered Notes, the holder of a Definitive Registered Note may transfer such Note by surrendering it to the Registrar. In the event of a partial transfer or a partial redemption of a holding of Definitive Registered Notes represented by one Definitive Registered Note, a Definitive Registered Note will be issued to the transferee in respect of the part transferred, and a new Definitive Registered Note in respect of the balance of the holding not transferred or redeemed will be issued to the transferor or the holder, as applicable; *provided* that no Definitive Registered Note in a denomination less than €100,000 and in integral multiples of €1,000, in excess thereof, will be issued. The Issuer will bear the cost of preparing, printing, packaging and delivering the Definitive Registered Notes. Holders of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and/or Clearstream.

If Definitive Registered Notes are issued and a holder thereof claims that such Definitive Registered Notes have been lost, destroyed or wrongfully taken or if such Definitive Registered Notes are mutilated and are surrendered to the Registrar or at the office of a Transfer Agent, the Issuer will issue and the Trustee will authenticate a replacement Definitive Registered Note if the Trustee's and the Issuer's requirements are met. The Issuer or the Trustee may require a holder requesting replacement of a Definitive Registered Note to furnish an indemnity bond sufficient in the judgment of both the Trustee and the Issuer to protect the Issuer, the Trustee or the Paying Agent appointed pursuant to the Indenture from any loss which any of them may suffer if a Definitive Registered Note is replaced. The Issuer may charge for the expenses of replacing a Definitive Registered Note.

In case any such mutilated, destroyed, lost or stolen Definitive Registered Note has become or is about to become due and payable, or is about to be redeemed or purchased by the Issuer pursuant to the provisions of the Indenture, the Issuer in its discretion may, instead of issuing a new Definitive Registered Note, pay, redeem or purchase such Definitive Registered Note, as the case may be.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only in accordance with the Indenture and, if required, only after the transferor first delivers to the Transfer Agent a written certification (in the form provided in the Indenture) to the effect that such transfer will comply with the transfer restrictions applicable to such Notes. See "*Transfer Restrictions*".

So long as the Notes are listed on the Official List of and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish a notice of any issuance of Definitive Registered Notes in a newspaper having general circulation in Luxembourg (which is expected to be the d'Wort). Payment of principal, any repurchase price, premium and interest on Definitive Registered Notes will be payable at the office of the Paying Agent in Luxembourg so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require.

Global Clearance and Settlement Under the Book-Entry System

Initial Settlement

Initial settlement for the Notes will be made in euros. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional euro bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value of the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Special Timing Considerations

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving Notes through Euroclear or Clearstream on days when those systems are open for business.

In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the Notes, or to receive or make a payment or delivery of Notes, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream is used, or Brussels if Euroclear is used.

Clearing Information

The Issuer expects that the Notes will be accepted for clearance through the facilities of Euroclear and Clearstream. The international securities identification numbers, common codes and CUSIP numbers for the Notes are set out under "*Listing and general information*".

Information Concerning Euroclear and Clearstream

The following description of the operations and procedures of Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. Neither the Issuer nor the Initial Purchasers take any responsibility for these operations and procedures and the Issuer urges investors to contact the systems or their participants directly to discuss these matters.

The Issuer understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream also interface with domestic securities markets in several countries. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Euroclear and Clearstream have no record of or relationship with persons holding through their account holders. Since Euroclear and Clearstream only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The Issuer understands that, under existing industry practices, if either the Issuer or the Trustee requests any action by owners of Book-Entry Interests or if an owner of a Book-Entry Interest desires to give or take any action that a holder is entitled to give or take under the Indenture, Euroclear and Clearstream would authorize participants owning the relevant Book-Entry Interest to give or take such action, and such participants would authorize indirect participants to give or take such action or would otherwise act upon the instructions of such indirect participants.

The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the Rule 144A Global Notes only through Euroclear or Clearstream participants.

Certain ERISA considerations

General

ERISA imposes certain requirements on employee benefit plans subject to Title I of ERISA and on entities that are deemed to hold the assets of such plans within the meaning of 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA, or otherwise (“**ERISA Plans**”), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including, but not limited to, the requirement of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the plan.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, (“**Plans**”)) and certain persons (referred to as “**parties in interest**” or “**disqualified persons**”) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and/or other penalties and liabilities under ERISA and the Code.

Any Plan fiduciary which proposes to cause a Plan to purchase the Notes should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such purchase and holding will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA.

Non-U.S. plans, governmental plans and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of ERISA and Section 4975 of the Code, may nevertheless be subject to non-U.S., state, local or other federal laws or regulations that are substantially similar to the foregoing provisions of ERISA and the Code (“**Similar Law**”). Fiduciaries of any such plans should consult with their counsel before purchasing the Notes to determine the need for, and the availability, if necessary, of any exemptive relief under any such law or regulations.

Prohibited Transaction Exemptions

The fiduciary of a Plan that proposes to purchase and hold any Notes should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a party in interest or a disqualified person, (ii) the sale or exchange of any property between a Plan and a party in interest or a disqualified person, or (iii) the transfer to, or use by or for the benefit of, a party in interest or disqualified person, of any Plan assets. Depending on the satisfaction of certain conditions which may include the identity of the Plan fiduciary making the decision to acquire or hold the Notes on behalf of a Plan, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code or Prohibited Transaction Class Exemption (“**PTCE**”) 84-14 (relating to transactions effected by a “qualified professional asset manager”), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 95-60 (relating to investments by insurance company general accounts) or PTCE 96-23 (relating to transactions directed by an in-house asset manager) (collectively, the “**Class Exemptions**”) could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. However, there can be no assurance that any of these Class Exemptions or any other exemption will be available with respect to any particular transaction involving the Notes.

Accordingly, by acceptance of a Note, each purchaser and subsequent transferee of a Note will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire or hold the Notes constitutes assets of any ERISA Plan or (ii) the acquisition and holding of the Notes by such purchaser or transferee will not constitute or result in a non-exempt prohibited transaction under ERISA and the Code or similar violation under any applicable Similar Law.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that each Plan fiduciary (and each fiduciary for non-U.S., governmental or church plans subject to Similar Law) consult with its legal advisor concerning the potential consequences to the plan under ERISA, the Code or such Similar Laws of an investment in the Notes.

Certain tax considerations

EU DIRECTIVE ON THE TAXATION OF SAVINGS INCOME

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, or collected by such person for, an individual resident or certain limited types of entity established in that other Member State.

For a transitional period, however, 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 on 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 adopted similar measures (a withholding system in the case of Switzerland).

In addition, the EU Savings Directive has been the subject of a review which has resulted in a series of proposals being put forward to amend it. Any changes resulting from any such amendment of the EU Savings Directive could apply to Notes that have already been issued at the date of such announcement.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of the Notes. Prospective purchasers of the Notes should consult their own tax advisers concerning the tax consequences of their particular situations.

CERTAIN ITALIAN TAX CONSIDERATIONS

The statements herein regarding Italian taxation are based on the laws and published practices of the Italian tax authorities in effect in Italy as of the date of the cover page of this offering memorandum and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The issuer will not update this summary to reflect changes in laws and if such change occurs the information in this summary could become invalid. The following is a summary only of the material Italian tax consequences of the purchase, ownership and disposition of the Notes for Italian resident and non-Italian resident beneficial owners although it is not intended to be, nor should it be constructed to be, legal or tax advice. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes and Holders of the Notes are advised to consult their own tax advisors concerning the overall tax consequences of their acquiring, holding and disposing of the Notes and receiving payments on interest, principal and/or other amounts under the Notes, including, in particular, the effect of any state, regional and local tax laws. In any case, Italian legal concepts may not be identical to the concepts described by the same English term as they exist under terms of different jurisdictions and any legal concept expressed by using the relevant Italian term shall prevail over the corresponding concept expressed in English terms.

Tax Treatment of the Notes issued by the Issuer

Tax Treatment of Interest

Italian Legislative Decree No. 239 of 1 April 1996 sets forth the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price, hereinafter, for the purposes of the discussion under "*Certain Italian tax considerations*" collectively referred to as "**Interest**") deriving from Notes falling within the category of bonds (*obbligazioni*) and similar securities, pursuant to Article 44 of Presidential Decree No. 917 of December 22, 1986, as amended and supplemented ("**Decree 917**"), issued, *inter alia*, by:

(a) companies whose resident in Italy for tax purposes whose shares are listed on a regulated market or on a multi-lateral trading platform of EU Member States and of the States party to the European Economic Area Agreement included in the approved list provided for by Article 168-bis of Decree 917 (for the time being, reference is to be made to the Ministerial

Decree of September 4, 1996, as subsequently amended and supplemented, the "**White List**"); or

(b) companies resident in Italy for tax purposes whose shares are not listed, issuing notes listed upon their issuance for trading on the aforementioned regulated markets or platforms ("*negoziati nei medesimi mercati regolamentati o sistemi unilaterali di negoziazione*").

For these purposes, securities similar to bonds ("*titoli similari alle obbligazioni*") are securities that incorporate an unconditional obligation for the issuer to actually pay, at maturity, an amount not lower than their nominal/face value/principal and that do not provide any right of direct or indirect participation in, or control on, the management of the issuer or of the business in connection with which they are issued.

Italian resident noteholders

Holders of the Notes not engaged in an entrepreneurial activity

Where an Italian resident beneficial owner of the Notes (a "**noteholder**") is:

(a) an individual not engaged in an entrepreneurial activity to which the Notes are connected;

(b) a non-commercial partnership (*società semplice*);

(c) a non-commercial private or public institution; or

(d) an investor exempt from Italian corporate income taxation,

the interest derived from the Notes, and accrued during the relevant holding period, is subject to a withholding tax ("*imposta sostitutiva*"), levied at a rate of 20 percent, unless the relevant noteholder holds the Notes in a discretionary investment portfolio managed by an authorized intermediary and has validly opted for the application of the "*Risparmio gestito*" regime provided for by Article 7 of Italian Legislative Decree of November 21, 1997, No. 461 (see "*Tax treatment of capital gains—Risparmio gestito regime*" below).

Noteholders engaged in an entrepreneurial activity

In the event that an Italian-resident noteholder is engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Where a noteholder is an Italian resident company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorized intermediary, interest from the Notes will not be subject to *imposta sostitutiva*. It must, however, be included in the relevant noteholder's income tax return and are therefore subject to general Italian corporate taxation and, in certain circumstances, depending on the "status" of the noteholder, the Italian regional tax on productive activities ("**IRAP**").

Real estate investment funds

As clarified by the Italian Revenue Agency through, among others, the Circular dated August 8 2003, No. 47/E and the Circular dated February 15, 2012, No. 2/E, payments of Interest on the Notes made to Italian resident real estate collective investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-bis of Law No 86 of 25 January 1994, respectively, are subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund provided that the Notes, together with the relevant coupons, are timely deposited with an authorized intermediary.

However, a withholding or substitute tax at a rate of 20% will apply, in certain circumstances, to income realized by unitholders or shareholders in the event of distributions on, or the redemption or sale of, the relevant units or shares. Subject to certain conditions, income realized by the real estate investment fund is attributed to the investor irrespective of its actual collection and in proportion to the percentage of ownership of units on a tax transparency basis.

Funds and SICAVs

Where an Italian-resident noteholder is an open-ended or a closed-ended collective investment fund ("**Fund**") or *Società di Investimento a Capitale Variabile* ("**SICAV**") established in Italy and either (i) the Fund or SICAV or (ii) their manager is subject to a form of supervision of the competent regulatory authority, and the Notes are deposited with an authorized intermediary, Interest accrued during the holding period on the Notes should not be subject to the *imposta sostitutiva*, but must be included in the management results of the Fund or the SICAV (as the case may be). The Fund or the SICAV will not be subject to taxation on such management results, but a withholding or substitute tax at the rate of 20% will instead apply, in certain circumstances, to distributions made in favor of unitholders or shareholders (as the case may be).

Pension funds

Where an Italian-resident noteholder is a pension fund (subject to the regime provided for by Article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited in a timely manner directly and indirectly with an authorized intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to the *imposta sostitutiva*, but will be included in the results of the relevant portfolio accrued at the end of the relevant tax period (which will be subject to an 11% substitute tax).

Enforcement of the imposta sostitutiva

Pursuant to Decree 239, the *imposta sostitutiva* is applied by banks, società di intermediazione mobiliare ("**SIM**"), fiduciary companies, *società di gesione del Risparmio* ("**SGR**)", stockbrokers and other entities identified by a decree of the Ministry of Finance (each, an "**Intermediary**").

An Intermediary must:

(a) be resident in Italy, or be a permanent establishment in Italy of a non-Italian resident financial intermediary, and

(b) participate, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change in ownership of the relevant Notes or in a change in the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by the relevant Italian financial intermediary (or permanent establishment in Italy of a non-Italian resident financial intermediary) paying interest to a noteholder or, absent that, by the Issuer.

Non-Italian resident noteholders

Where the noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident noteholder is:

(a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy, included in the list White List; or

(b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or

(c) an "institutional investor", whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with Italy, included in the White List, even if it does not possess the status of a taxpayer in its own country of establishment; or

(d) a central bank or an entity which manages, *inter alia,* the official reserves of a foreign State.

In order to ensure gross payment, non-Italian resident noteholders must be the beneficial owners of the payments of Interest or certain non-Italian- resident institutional investors and must timely deposit the Notes, together with the coupons relating to such Notes, directly or indirectly with:

(a) an Italian or foreign bank or a financial institution (which could be a non-EU resident—the "**First Level Bank**"), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the noteholder with a Second Level Bank (as defined below); or

(b) an Italian-resident bank or brokerage company (SIM), or a permanent establishment in Italy of a nonresident bank or a SIM, acting as depositary or sub-depositary of the Notes appointed to maintain direct relationships, via telematic link, with the Department of Revenue of the Ministry of Economy and Finance (the "**Second Level Bank**").

Non-Italian resident organizations and companies, acting through a system of centralized administration of securities and directly connected with the Department of Revenue of the Italian Ministry of Economy and Finance (which include Euroclear and Clearstream, Luxembourg) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian-resident bank or SIM, or permanent establishment in Italy of a non-resident bank or SIM, or a central depositary of financial instruments pursuant to Article 80 of Legislative Decree No. 58 of February 24, 1998) for the purposes of the application of Decree 239. In the event that a non-Italian-resident noteholders deposits the relevant Notes directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank.

The exemption from the *imposta sostitutiva* for non-Italian-resident noteholders is conditional upon:

(a) the timely deposit of the Notes, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and

(b) the submission to the First Level Bank or the Second Level Bank (as the case may be) of a statement of the relevant noteholder (*autocertificazione*), to be provided only once, in which it declares, *inter alia*, that it is the beneficial owner of any interest on the Notes and it is eligible to benefit from the exemption from the *imposta sostitutiva*.

Such statement must comply with the requirements set forth by the Ministerial Decree dated 12 December 2001, is valid until withdrawn or revoked (unless some information provided therein has changed) and does not need to be submitted where a certificate, declaration or other similar document for the same or equivalent purposes was previously submitted to the same depository. The above statement is not required for non-Italian resident investors that are international bodies or entities set up in accordance with international agreements entered into force in Italy referred to in paragraph (b) above or Central Banks or entities also authorized to manage the official reserves of a State referred to in paragraph (d) above. Additional requirements are provided for "institutional investors" referred to in paragraph (c) above (see Circular No. 23/E of 1 March 2002 and No. 20/E of 27 March 2003).

The First Level Bank is obligated to send the above statement to the Second Level Bank within 15 days from receipt. The Second Level Bank files the data relating to the nonresident noteholder together with the data relating to the First Level Bank and of the transactions carried out, via telematic link, to the Italian tax authorities within the first transmission period after receipt of such data. Transmission periods are two-week periods per month during which the Second Level Bank transmits to the Italian tax authorities data relating to Note transactions carried out during the preceding month. The Italian tax authorities monitor and control such data and any discrepancies thereof.

The *imposta sostitutiva* will be applicable at the rate of 20% to interest paid to noteholders who do not qualify for the foregoing exemption or do not timely and properly satisfy the relevant conditions.

Noteholders who are subject to the *imposta sostitutiva* may, nevertheless, be eligible for full or partial relief under an applicable tax treaty, provided that the relevant conditions are satisfied.

Certain Italian Tax considerations on capital gains on the Notes

Italian-resident noteholders

Noteholders not engaged in an entrepreneurial activity

Where an Italian-resident noteholder is an individual not engaged in an entrepreneurial activity to which the Notes are connected, any capital gain realized by such noteholder from the disposal or redemption of the Notes would be subject to the *imposta sostitutiva*, levied at a rate of 20 percent. Noteholders may set off any capital losses with their capital gains.

In respect of the application of the *imposta sostitutiva*, taxpayers may opt, under certain conditions, for any of the three regimes described below.

Tax declaration regime

Under the "tax declaration regime" (*regime della dichiarazione*), which is the default regime for Italian-resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realized by the Italian resident individual holding the Notes, during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realized in any tax year, net of any relevant incurred capital loss, in their annual tax return and pay the *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward and set off against capital gains realized in any of the four succeeding tax years. Capital losses realized before January 1, 2012 may be carried forward to be offset against subsequent capital gains of the same nature realized from January 1, 2012 in an amount equal to 62.5% of the relevant capital loss.

Risparmio amministrato regime

As an alternative to the tax declaration regime, Italian-resident individual noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realized on each disposal or redemption of the Notes (the "*risparmio amministrato*" regime). Such separate taxation of capital gains is allowed subject to:

- the Notes being deposited with an Italian bank, SIM or certain authorized financial intermediary; and
- an express election for the *risparmio amministrato* regime being timely made in writing by the relevant noteholder.

The depository must account for the *imposta sostitutiva* in respect of capital gains realized on each disposal or redemption of the Notes (as well as in respect of capital gains realized upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the *imposta sostitutiva* to the Italian tax authorities on behalf of the noteholder, deducting a corresponding amount from the proceeds to be credited to the noteholder or using funds provided by the noteholder for this purpose. Under the *risparmio amministrato* regime, any possible capital loss resulting from a disposal or redemption of the Notes may be deducted from capital gains subsequently realized, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the noteholder is not required to declare the capital gains/losses in its annual tax return.

Risparmio gestito regime

In the *risparmio gestito* regime, any capital gains realized by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity and who have entrusted the management of their financial assets (including the Notes) to an authorized intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realized, at tax year-end, subject to a 20% substitute tax, to be paid by the managing authorized intermediary. Any depreciation of the managed assets accrued at the tax year-end may be carried forward against any increase in value of the managed assets accrued in any of the four succeeding tax years. The noteholder is not required to declare the capital gains or losses realized in its annual tax return.

Noteholders engaged in an entrepreneurial activity

Any gain obtained from the disposal or redemption of the Notes will be treated as part of taxable income (and, in certain circumstances, depending on the "status" of the noteholder, also as part of net value of the production for IRAP purposes) if realized by an Italian company, a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian-resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Real estate investment funds

Any capital gains realized by a noteholder which is an Italian real estate investment fund accrues to the tax year-end appreciation of the managed assets, which is exempt from any income tax. A withholding tax may apply in certain circumstances at a rate of 20% on distributions made by Italian real estate funds.

Funds and SICAVs

Any capital gains realized by a noteholder who is an Italian Fund or a SICAV will be included in the result of the relevant portfolio accrued at the end of the relevant tax period. A 20% withholding tax will apply in certain circumstances, to distributions by the Italian Fund or SICAV to unitholders or shareholders (as applicable).

Pension funds

Any capital gains realized by a noteholder who is an Italian pension fund (subject to the regime provided for by Article 17 of Legislative Decree No 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the relevant tax period, and subject to an 11% substitute tax.

Non-Italian-resident noteholders

A 20% *imposta sostitutiva* on capital gains may be payable on capital gains realized on the disposal or redemption of the Notes by non-Italian resident persons 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 Article 23, letter f), n. 2 of Decree 917, capital gains realized by non-Italian resident noteholders from the disposal or redemption of notes issued by an Italian resident issuer and traded on regulated markets in Italy or abroad are not subject to the *imposta sostitutiva*, subject to timely filling of required documentation (in particular, a selfdeclaration that the noteholder is not resident in Italy for tax purposes). As of the date of this offering memorandum, the Italian tax authorities have not officially confirmed whether a multilateral trading platform qualifies for this exemption.

Capital gains realized by non-Italian resident noteholders from the disposal or redemption of Notes issued by an Italian-resident issuer, even if the Notes are not traded on a regulated market, are not subject to the *imposta sostitutiva*, provided that the effective beneficiary is:

(a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy, included in the White List;

(b) an international body or entity set up in accordance with international agreements which have entered into force in Italy;

(c) an "**institutional investor**", whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with Italy, included in the White List, even if it does not possess the status of a taxpayer in its own country of establishment; or

(d) a central bank or an entity which manages, *inter alia*, the official reserves of a foreign State.

In order to ensure gross payment, non-Italian resident noteholders must satisfy the same conditions set forth above in order to benefit from the exemption from the *imposta sostitutiva* in accordance with Decree 239 (see "*Tax Treatment of interest*" above).

If the above conditions above are not met, capital gains realized by non-Italian resident noteholders from the disposal or redemption of Notes issued by an Italian-resident issuer and not traded on a regulated market may be subject to the *imposta sostitutiva* at the current rate of 20%. However, noteholders may be able to benefit from an applicable double tax treaty with Italy providing that capital gains realized upon the sale or redemption of the Notes are taxed only in the country where the recipient is tax resident, subject to satisfying certain conditions.

The *risparmio amministrato* regime is the ordinary regime automatically applicable to non-Italian-resident persons and entities holding Notes deposited with an Intermediary, but non-Italian-resident noteholders retain the right to waive its applicability.

Certain reporting obligations for Italian-resident noteholders

Individuals, non-profit entities and certain partnership (in particular, *società semplici* or similar partnership in accordance with Article 5 of decree No. 917) resident in Italy directly holding financial assets, including the Notes, outside Italy (without the intervention of an Italian-resident intermediaries) are required to report, in their Italian tax return, the year-end value of their financial assets held abroad, if the overall value of such assets exceeds € 10,000.

Any transfer of cash, securities and any other financial assets, derived from Italy to a foreign country, from a foreign country to Italy and from one foreign country to another foreign country, in connection with financial assets, including the Notes, held outside of Italy needs to be reported in the Italian tax return of the Italian-resident individual, if the overall value of the transfer affected exceeds € 10,000.00.

Italian Inheritance Tax and Gift Tax

The transfer of Notes by reason of gift, donation or succession proceedings is subject to Italian inheritance tax and gift tax as follows:

(a) 4% for transfers in favor of the spouse or direct relatives exceeding, for each beneficiary, a threshold of €1.0 million;

(b) 6% for transfers in favor of siblings exceeding, for each beneficiary, a threshold of €0.1 million;

(c) 6% for transfers in favor of relatives up to the fourth degree and to all relatives in law in direct line and to other relatives in law up to the third degree, on the entire value of the inheritance or the gift; and

(d) 8% for transfers in favor of any other person or entity, on the entire value of the inheritance or the gift.

If the heir/heiress and/or the donee is a person with a severe disability pursuant to Law n. 104 of February 5, 1992, inheritance tax or gift tax is applied to the extent that the value of the inheritance or gift exceeds €1.5 million.

With respect to Notes listed on a regulated market, the value for inheritance tax and gift tax purposes is the average stock exchange price of the last quarter preceding the date of the succession or of the gift (including any accrued interest). With respect to unlisted Notes, the value for inheritance tax and gift tax purposes is generally determined by reference to the value of listed debt securities having similar features or based on certain elements as presented in the Italian tax law.

Italian inheritance tax and gift tax applies to non-Italian-resident individuals for bonds issued by Italian resident companies.

Wealth Tax—direct holding

According to Article 19 of Law Decree No. 201 of 6 December, 2011 ("**Decree 201**"), Italian-resident individuals holding financial assets—including the Notes—outside Italy without the involvement of an Italian financial intermediary are required to pay a wealth tax currently at the rate of 0.15% (the level of tax being determined in proportion to the period of ownership). The wealth tax applies on the market value at the end of the relevant year or, in the absence of a market value, on the nominal value or redemption value of such financial assets held outside Italy. Taxpayers are permitted to deduct from the wealth tax a tax credit equal to any wealth taxes paid in the country where the financial assets are held (up to the amount of the Italian wealth tax due).

Stamp Taxes and Duties—holding through financial intermediary

According to Article 19 of Decree 201, a proportional stamp duty applies on a yearly basis currently at the rate of 0.15% calculated on the market value or—in the absence of a market value—on the nominal value or the redemption amount of any financial product or financial instruments (including the Notes). The stamp duty cannot be lower than €34.20 and from the year 2013 onwards, the stamp duty should not exceed €4,500.00 if the Notes are held by noteholders who are not natural persons. Stamp duty applies both to Italian-resident noteholders and to non-Italian-resident noteholders, to the extent that the Notes are held with an Italian-based financial intermediary (and not directly held by the noteholders outside Italy, in which case wealth tax (see "*—Wealth Tax—direct holding*") applies to Italian-resident noteholders only).

Transfer tax

Contracts relating to the transfer of securities are subject to the registration tax as follows:

(a) public deeds and notarized deeds (*atti pubblici e scritture private autenticate*) are subject to fixed registration tax at rate of €168.00, and

(b) private deeds (*scritture private non autenticate*) are subject to fixed registration tax of €168.00 only in the case of use or voluntary registration or occurrence of the so-called "*enunciazione*".

Payments by an Italian resident guarantor

If an Italian resident guarantor (if any), makes any payments in respect of interest on the Notes (or any other amounts due under the Notes other than the repayment of principal) it is possible that such payments may be subject to withholding tax at the applicable rate, subject to such relief as may be available under the provisions of any applicable double taxation treaty.

Implementation in Italy of the EU Savings Directive

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of April 18, 2005 ("**Decree No. 84**"). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals who qualify as beneficial owners of the interest payment and are resident for tax purposes in another EU Member State, Italian qualified paying agents must report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information will be transmitted by the Italian tax authorities to the competent foreign tax authorities of the Member State of residence of the beneficial owner. In certain circumstances the same reporting requirements must be complied with also in respect of interest paid to an entity established in another Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), entities whose profits are included in business income taxable under general arrangements for business taxation and, in specific cases, UCITS recognized in accordance with Directive 85/611/EEC.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

To ensure compliance with U.S. Treasury Department Circular 230, you are hereby notified that any discussion of tax matters set forth in this offering memorandum was written in connection with the promotion or marketing (within the meaning of Circular 230) of the transactions or matters addressed

herein and was not intended or written to be used, and cannot be used, for the purpose of avoiding tax-related penalties under federal, state or local tax law. Each prospective investor should seek advice based on its particular circumstances from an independent tax advisor.

The discussion below is a summary of material U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes as of the date hereof. The following summary addresses only U.S. Holders (as defined herein) who purchase the Notes at the "issue price" (the first price at which a substantial amount of Notes is sold for money, excluding sales to underwriters, placement agents or wholesalers) in the initial offering and hold the Notes as capital assets within the meaning of Section 1221 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"). This summary does not address the tax consequences to subsequent purchasers of the Notes.

As used herein, the term "**U.S. Holder**" means a beneficial owner of Notes that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income tax regardless of its source or (iv) a trust (a) that is subject to the primary supervision of a U.S. court and one or more U.S. persons has the authority to control all of the substantial decisions of the trust or (b) that has made a valid election in effect under applicable U.S. Treasury Regulations ("**Treasury Regulations**") to be treated as a U.S. person.

This summary is based upon provisions of the Code and Treasury Regulations, rulings and judicial decisions as of the date hereof, all of which are subject to change (possibly with retroactive effect), so as to result in U.S. federal income tax consequences different from those summarized below. The discussion below does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of Notes by particular investors (including the impact of the unearned income Medicare contribution tax), nor does it address any tax consequences arising under U.S. federal estate and gift tax laws or under the laws of any state, local, non-U.S. or other taxing jurisdiction. In addition, this summary does not address tax consequences to U.S. Holders who may be subject to special tax treatment, such as banks, dealers, traders that elect to mark to market, insurance companies, financial institutions, regulated investment companies, real estate investment trusts, grantor trusts, investors liable for the alternative minimum tax, U.S. expatriates, tax-exempt entities, persons holding the Notes as part of a hedge, straddle, conversion or other integrated financial transaction, investors in partnerships or other pass-through entities for U.S. federal income tax purposes or U.S. Holders whose "functional currency" is not the U.S. dollar. If an entity treated as a partnership for U.S. federal income tax purposes holds the Notes, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. A partner of an entity that is treated as a partnership for U.S. federal income tax purposes and that is considering holding the Notes is urged to consult its own tax advisors regarding the U.S. federal income tax consequences to it of the acquisition, ownership and disposition of the Notes by the partnership.

The summary of U.S. federal income tax consequences set out below is for general information only. Prospective investors should consult their own tax advisors concerning the particular U.S. federal income tax consequences to them of owning the Notes, as well as the consequences to them arising under the laws of any other taxing jurisdiction or due to changes in tax law.

Characterization of the Notes

In certain circumstances the Issuer may be obligated to make payments on the Notes in excess of stated interest and principal. The Issuer intends to take the position that there is no more than a remote chance that it will make the payments and the Notes should accordingly not be treated as contingent payment debt instruments ("**CPDIs**") for U.S. federal income tax purposes because of these additional payments. Assuming such position is respected, U.S. Holders would be required to in income the amount of any such additional payments at the time such payments are received or accrued in accordance with their method of accounting for U.S. federal income tax purposes. If the IRS successfully challenged this position, and the Notes were treated as CPDIs, U.S. Holders could be required to accrue interest income at a rate higher than the stated interest rate on the Note and to treat as ordinary income, rather than capital gain, any gain recognized on a sale, exchange or redemption of the Note. Prospective investors are urged to consult their own tax advisors regarding the potential application to the Notes of the CPDI rules and the consequences thereof.

Payments of Stated Interest

General

Stated interest paid by the Issuer on the Notes (including any amounts withheld and any Additional Amounts paid in respect of withholding taxes imposed on payments on the Notes) generally will be considered income from sources outside the United States and, for purposes of the U.S. foreign tax credit, generally will be considered passive category income. Prospective investors should consult their tax advisors concerning the applicability of the U.S. foreign tax credit and source of income rules to income attributable to the Notes.

Euro-Denominated Stated Interest

Each payment of "**qualified stated interest**" (including any amounts withheld and any Additional Amounts paid in respect of withholding taxes imposed on payments on the Notes) will generally be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for U.S. federal income tax purposes. The term "**qualified stated interest**" generally means stated interest that is unconditionally payable at least annually at a qualifying rate during the entire term of the Note. Stated interest on the Notes will be treated as qualified stated interest.

The amount of income recognized by a cash basis U.S. Holder with respect to a payment of stated interest denominated in euros will be the U.S. dollar value of the interest payment based on the "**spot rate**" (as such term is defined in Treasury Regulations) on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. A cash basis U.S. Holder generally will not recognize exchange gain or loss on the interest payment but may recognize exchange gain or loss when it disposes of any euros it receives (as discussed below under "*—Disposition of Euros*").

An accrual basis U.S. Holder may determine the amount of income recognized with respect to a payment of stated interest denominated in euros in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average spot rate in effect during the interest accrual period or periods (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within each taxable year). Under the second method, the accrual basis U.S. Holder may elect to determine the amount of income accrued on the basis of the spot rate on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the spot rate on the last day of the portion of the accrual period within each taxable year). Additionally, if the interest payment is actually paid or received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the spot rate on the day of actual payment or receipt. Any such election will apply to all debt instruments held by the U.S. Holder from year to year and cannot be changed without the consent of the Internal Revenue Service (the "**IRS**").

Upon an accrual basis U.S. Holder's receipt of a stated interest payment denominated in euros (including a payment attributable to accrued but unpaid interest upon the sale, retirement or other taxable disposition of a Note), the U.S. Holder may recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) in respect of such accrual period and the amount of such stated interest payment previously accrued during such accrual period, regardless of whether the payment is in fact converted into U.S. dollars.

Disposition of Notes

On a sale, retirement or other taxable disposition of a Note, a U.S. Holder will generally recognize gain or loss equal to the difference between (i) the amount realized on the disposition (less any amount equal to any accrued but unpaid stated interest, which will be taxable as stated interest income as described above to the extent not previously included in income by a U.S. Holder) and (ii) the U.S.

Holder's adjusted tax basis in the Note. The amount realized by a U.S. Holder on a taxable disposition of a Note for an amount in euros will be the U.S. dollar value of such euros on the date of the disposition (or on the settlement date of the disposition, in the case of Notes traded on an established securities market and taxably disposed of by a cash basis U.S. Holder or an electing accrual basis U.S. Holder).

A U.S. Holder's adjusted tax basis in a Note will generally equal the "**U.S. dollar cost**" (as defined herein) of the Note to such holder decreased by any cash payments on the Note other than qualified stated interest. The U.S. dollar cost of a Note purchased with euros will generally be the U.S. dollar value of the purchase price on the date of purchase (or on the settlement date of the purchase, in the case of Notes traded on an established securities market that are purchased by a cash basis U.S. Holder or an electing accrual basis U.S. Holder).

If an accrual method taxpayer makes the election described in the two previous paragraphs, such election must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Except as discussed below with respect to exchange gain or loss on a Note attributable to currency fluctuations, any gain or loss recognized by a U.S. Holder in excess of exchange gain or loss on a taxable disposition of a Note will generally be treated as U.S.-source capital gain or loss and will be long-term capital gain or loss if, at the time of the disposition, the Note was held by the U.S. Holder for more than one year. In the case of an individual U.S. Holder, any long-term capital gain will generally be subject to preferential U.S. federal income tax rates. The deductibility of capital losses is subject to significant limitations. Prospective investors should consult their own tax advisors as to the foreign tax credit implications of the sale, retirement or other taxable disposition of the Notes.

The gain or loss that a U.S. Holder realizes on the taxable disposition of a Note that is attributable to fluctuations in currency exchange rates will be taxable as ordinary income or loss and generally will be treated as U.S.-source for U.S. foreign tax credit limitation purposes. Such exchange gain or loss will generally equal the difference, if any, between the U.S. dollar value of the purchase price of the Note on (i) the date of the disposition and (ii) the date on which the U.S. Holder acquired the Note (or, in each case, on the settlement date, if the Notes are traded on an established securities market and the holder is either a cash basis U.S. Holder or an electing accrual basis U.S. Holder). In addition, upon the sale, retirement or other taxable disposition of a Note, a U.S. Holder may realize exchange gain or loss attributable to amounts received with respect to accrued and unpaid stated interest which will be treated as discussed above under "*—Payments of Stated Interest*". However, a U.S. Holder will only realize exchange gain or loss upon the disposition of a Note (including any exchange gain or loss attributable to the principal amount of a Note and any exchange gain or loss attributable to accrued and unpaid stated interest) to the extent of the total gain or loss realized by such holder on the disposition. Prospective investors should consult their own tax advisors regarding the proper calculation of exchange gain or loss realized in connection with their acquisition and disposition of the Notes.

Disposition of Euros

Euros received as interest on a Note or upon the sale, retirement or other taxable disposition of a Note generally will have a tax basis equal to their U.S. dollar value at the time they are received. Any gain or loss recognized on a sale, retirement or other taxable disposition of the euros (including their use to purchase Notes or upon their exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Reportable Transactions

Under the Treasury Regulations, certain transactions are required to be reported to the IRS including, in certain circumstances, a sale, exchange, retirement or other taxable disposition of a Note or foreign currency received in respect of a Note to the extent that such disposition results in a tax loss in excess of a threshold amount. Prospective investors should consult with their own tax advisor to determine the tax return obligations, if any, with respect to their acquisition, holding or disposition of the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

Backup Withholding and Information Reporting

Generally, information reporting requirements will apply to all payments of principal and interest on, or the proceeds from a sale of, a Note, unless the U.S. Holder is an exempt recipient, such as a corporation. Additionally, if a U.S. Holder fails to provide its taxpayer identification number, or in the case of interest payments, fails either to report in full dividend and interest income or to make certain certifications, it may be subject to backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. Holder's U.S. federal income tax liability provided the required information is timely furnished to the IRS. U.S. Holders are urged to consult their own tax advisors regarding backup withholding and information reporting requirements relating to their ownership of the Notes.

Additional Tax Reporting Requirements

Certain U.S. Holders are required to report information relating to interests in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions), by attaching a completed IRS Form 8938 (Statement of Specified Foreign Financial Assets) with their tax return for each year in which they hold an interest in the Notes. Penalties may apply for failure to properly complete and file IRS Form 8938. Prospective investors are urged to consult their tax own advisors regarding information reporting requirements relating to their ownership of the Notes.

Plan of distribution

Subject to the terms and conditions set forth in a purchase agreement (the "**Purchase Agreement**") dated as of the date hereof, the Issuer has agreed to sell to each Initial Purchaser, and each Initial Purchaser has agreed, severally and not jointly, to purchase from the Issuer the entire principal amount of the Notes.

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice.

The Issuer has agreed to pay the Initial Purchasers certain customary fees for their services in connection with the Offering and to reimburse them for certain out-of-pocket expenses.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the Offering price set forth on the cover page hereof.

The Purchase Agreement provides that the Issuer will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. We have agreed that, except with the consent of the Initial Purchasers, the Issuer will offer, sell, contract to sell or otherwise dispose of any securities issued or guaranteed by the Issuer or any of its subsidiaries that are substantially similar to the Notes prior to October 31, 2013.

The Notes have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except to QIBs in reliance on Rule 144A and to non-U.S. persons in offshore transactions in reliance on Regulation S. Any offer or sale of Notes in the United States in reliance on Rule 144A will be made by broker-dealers who are registered as such under the U.S. Exchange Act. Until 40 days after the later of (i) the commencement of this Offering and (ii) the issue date of the Notes, an offer or sale of the Notes initially sold in reliance on Regulation S within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S. Resales of the Notes are restricted as described under "*Transfer Restrictions*".

Each Initial Purchaser has represented, warranted and agreed that 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 UK Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issuance or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by the Issuer or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This offering memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this offering memorandum and resale of the Notes. See "*Transfer restrictions*".

The Issuer has also agreed that it will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(2) of the U.S. Securities Act or the safe harbors of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

The Notes are a new issue of securities for which there currently is no market. We applied, through our listing agent, to list the Notes on the Official List of the Luxembourg Stock Exchange upon their issuance and to have the Notes admitted to trading on the Euro MTF Market thereof and, in addition, we have applied to list the Notes on the ExtraMOT, Professional Segment upon their issuance; however, we cannot assure you that the Notes will be approved for listing or that such listing will be maintained.

The Initial Purchasers have advised us that they intend to make a market in the Notes after completing the Offering. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act. Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you. See "*Risk Factors—Risks Related to the Notes—You may be unable to sell your Notes if a trading market for the Notes does not develop*".

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this offering memorandum, which will be five business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as "**T+5**"). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this offering memorandum or the next succeeding business day will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

The Initial Purchasers may engage in over-allotment, stabilizing transactions, covering transactions and penalty bids in accordance with Regulation M under the U.S. Exchange Act. Over-allotment involves sales in excess of the Offering size, which creates a short position for the relevant Initial Purchasers. Stabilizing transactions permit bidders to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Initial Purchasers to reclaim a selling concession from a broker or dealer when the Notes originally sold by that broker or dealer are purchased in a stabilizing or covering transaction to cover short positions. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. See "*Risk Factors—Risks Related to the Notes—You may be unable to sell your Notes if a trading market for the Notes does not develop*".

The Initial Purchasers or their respective affiliates from time to time have provided in the past, are currently providing and may provide in the future, investment banking, consultancy, financial advisory, commercial banking and cash management services to the Issuer and its affiliates in the ordinary course of business for which they have received or may receive customary fees and commissions. The Initial Purchasers or their affiliates may also receive allocations of the Notes.

Certain proceeds from the Offering will be used to repay all outstanding amounts due under the Existing Senior Secured Credit Facility Agreement. UniCredit Bank AG, one of the Initial Purchasers of the Notes, is a wholly owned subsidiary of UniCredit S.p.A., who has or whose subsidiaries or affiliates have in the past provided significant financing and continue to provide financing to the Issuer and its subsidiaries, including through the UniCredit Guarantee, pursuant to which they have issued bank guarantees in order to guarantee the performance by us of the obligation to transfer to AAMS the PREU, pay to AAMS the annual fee (*canone annuale*) and fulfill certain of our obligations under our concession with AAMS, which is being amended in connection with the Transactions. See "*Description of certain financing and guarantee arrangements—Bank Guarantees to AAMS on behalf of Gamenet*". In connection for their services in such capacities, such Initial Purchasers or affiliates will receive customary fees and commissions.

In the ordinary course of their business activities, the Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and instruments of the Issuer or its affiliates. If the Initial Purchasers or their respective affiliates have a lending relationship with the Issuer, they routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their affiliates may also make investment recommendations and publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and short positions in such securities and instruments.

Transfer restrictions

Because of the following restrictions, you are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes offered hereby.

The Notes have not been and will not be registered under the U.S. Securities Act, or any state securities laws, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and other applicable state securities laws. Accordingly, the Notes offered hereby are being offered and sold only to QIBs (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A and in offshore transactions in reliance on Regulation S. Accordingly, the Issuer is offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

(a) in the United States, to "**qualified institutional buyers**", commonly referred to as "**QIBs**", as defined in Rule 144A in compliance with Rule 144A; and

(b) outside the United States, to non-U.S. persons in offshore transactions in accordance with Regulation S.

The Issuer uses the terms "**offshore transaction**", "**U.S. person**" and "**United States**" with the meanings given to them in Regulation S.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Initial Purchasers as follows:

(1) It understands and acknowledges that the Notes have not been registered under the U.S. Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set out in paragraphs (4) and (5) below.

(2) It is neither the Issuer's "**affiliate**" (as defined in Rule 144), nor acting on its behalf and that either:

  (a) a person in the United States or a U.S. person who is a QIB, within the meaning of Rule 144A and is aware that any sale of these Notes to it will be made in reliance on Rule 144A, and such acquisition will be for its own account or for the account of another QIB; or

  (b) it is purchasing the Notes in an offshore transaction in accordance with Regulation S.

(3) It acknowledges that none of the Issuer or the Initial Purchasers, nor any person representing any of them, has made any representation to it with respect to the Issuer and its subsidiaries or the offer or sale of any of the Notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It acknowledges that neither the Initial Purchasers nor any person representing the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this offering memorandum. It has had access to such financial and other information concerning the Issuer and its subsidiaries and the Notes that it deems necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers.

(4) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to

Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act, or in any transaction not subject to the U.S. Securities Act.

(5) It agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the "**Resale Restriction Termination Date**") that is, in the case of the Rule 144A Notes, one year after the later of the date of the original issue and the last date on which the Issuer or any of its affiliates were the owner of such Notes (or any predecessor thereof) or, in the case of the Regulation S Notes, 40 days after the later of the original issue date and the last date on which the Notes were first offered to persons other than Distributors (as defined in Rule 902 of Regulation S), only (i) to the Issuer; (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act; (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A; (iv) pursuant to offers and sales that occur outside the United States in offshore transactions in compliance with Regulation S; or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer and the Trustee's rights prior to any such offer, sale or transfer (I) pursuant to clause (v) above to require the delivery of an opinion of counsel, certification and other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, (THE "**U.S. SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, (1) REPRESENTS THAT (A) IT IS A "**QUALIFIED INSTITUTIONAL BUYER**" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT ("**RULE 144A**")) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN "**OFFSHORE TRANSACTION**" PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, AND (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE RESALE RESTRICTION TERMINATION DATE, WHICH IS [*IN THE CASE OF REGULATION S NOTES:* 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS SECURITY WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF THE REGULATION S)] [*IN THE CASE OF RULE 144A NOTES:* ONE YEAR AFTER THE LATEST OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE OF THE ISSUANCE OF ANY ADDITIONAL NOTES AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY)], ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS

GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND OTHER INFORMATION SATISFACTORY TO EACH OF THEM.

Each Note will also contain a legend substantially to the following effect:

BY ACCEPTANCE OF A NOTE, EACH HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (A) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE OR HOLD THE NOTES CONSTITUTES THE ASSETS OF ANY EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR PROVISIONS UNDER ANY OTHER FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS, RULES OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE ("SIMILAR LAWS"), OR ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT OR (B) THE PURCHASE AND HOLDING OF THE NOTES BY SUCH HOLDER WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS. A purchaser of Notes, will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(6) It understands that the issuance of Additional Notes under the Indenture may have the effect of extending the Resale Restriction Termination Date.

(7) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on the transfer of such Notes.

(8) It acknowledges that until 40 days after the commencement of the offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

(9) It acknowledges that the Registrar will not be required to accept for registration or transfer any Notes acquired by it except upon presentation of evidence satisfactory to the Issuer and the Registrar that the restrictions set out therein have been complied with.

(10) It acknowledges that the Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of the acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by your purchase of the Notes are no longer accurate, it shall promptly notify the Issuer and the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(11) It understands that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material

relating to the Issuer or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set out under "*Notice to certain European investors*" *and* "*Plan of distribution*".

(12) Either (a) no portion of the assets used to acquire or hold the Notes constitutes assets of any Plan or non-U.S., governmental or church plan subject to any Similar Laws or entity whose underlying assets are considered to include "plan assets" of any such Plan, account or arrangement or (b) the purchase and holding of the Notes will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Laws.

Persons into whose posession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering, the distribution of this offering memorandum and resale of the Notes. See "*Important information for investors*", "*Notice to certain European investors*" and "*Plan of distribution*".

Limitations on validity and enforceability of the security interests and certain insolvency law considerations

The following is a summary of certain limitations on the validity and enforceability of the security interests being provided for the Notes, and a summary of certain insolvency law considerations in Italy. The description below is only a summary, and does not purport to be complete or to discuss all the limitations or considerations that may affect the validity and enforceability of the Notes or security interests being provided for the Notes. Prospective investors in the Notes should consult their own legal advisors with respect to such limitations and considerations.

Limitations on Granting Security Interests under Italian Law

Under Italian law, the creation of a security interest is subject to compliance with the rules on corporate benefit and corporate authorization. If a security interest is being provided in the context of an acquisition, group reorganization or restructuring, financial assistance issues may also be triggered.

An Italian company granting a security interest must receive a real and adequate benefit in exchange for the security interest. Whilst corporate benefit for down-stream security (i.e., security granted to secure financial obligations of directly or indirectly subsidiaries of the relevant grantor) is usually self-evident, the validity and effectiveness of up-stream or cross stream security (i.e., security granted to secure financial obligations of the direct or indirect parent or sister companies of the relevant grantor) granted by an entity organized under the laws of Italy depend on the existence of a real and adequate benefit in exchange for the granted security interest. The concept of real and adequate benefit is not defined in the applicable legislation and is determined on a case-by-case basis. In particular, in case of up-stream and cross-stream security for the financial obligations of group companies, examples may include financial consideration in the form of access to cash flows through intercompany loans from other members of the group. Generally, the risk assumed by an Italian grantor of security must not be disproportionate to the direct or indirect economic benefit to it.

Absence of a real and adequate benefit could render the security provided by an Italian company *ultra vires* and potentially affected by a conflict of interest. Civil liabilities may be imposed on the directors of an Italian grantor if a court holds that it did not act in the best interest of the grantor and that the acts carried out do not fall within the corporate purpose of the company. The lack of corporate benefit could also result in the imposition of civil liabilities on those companies or persons ultimately exercising control over an Italian grantor or having knowingly received an advantage or profit from such improper control. Moreover, the security interest granted by an Italian company could be declared null and void if the lack of corporate benefit was known or presumed to be known by the third party and such third party acted intentionally against the interest of the Italian company.

The above principles on corporate benefit apply equally to up-stream and down-stream guarantees granted by Italian companies.

In addition, the granting of a security or a guarantee by an Italian company cannot include any liability which would result in unlawful financial assistance within the meaning of Article 2358 or 2474, as the case may be, of the Italian Civil Code pursuant to which, subject to specific exceptions, it is unlawful for a company to give financial assistance (whether by means of loans, security, guarantees or otherwise) to support the acquisition or subscription by a third party of its own shares or quotas or those of any entity that (directly or indirectly) controls the Italian company. Financial assistance for refinancing indebtedness originally incurred for the purchase or subscription of its own shares or quotes or those of its direct or indirect parent company would also be a violation.

It is uncertain and untested in the Italian courts whether under Italian law a security can be created and perfected (i) in favor of creditors (such as the holders of the Notes) which are neither directly parties to the relevant security documents nor are specifically identified therein or in the relevant share certificates and corporate documents or public registries; and (ii) in favor of The Law Debenture Trust Corporation p.l.c. as the Trustee of the Notes since there is no established concept of "trust" or "trustee" under Italian law and the precise nature, effect and enforceability of the duties, rights and powers of the Trustee as agent or trustee for holders of the Notes under security interests on Italian assets is debatable under Italian law.

To address the above potential issue, the Collateral will be created and perfected in favor of the Trustee acting also in its capacity as common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian Civil Code. However, please note that the enforceability of Italian law security granted in favor of a trustee acting as trustee and common representative (*rappresentante comune*) of the holders of the Notes pursuant to Articles 2417 and 2418 of the Italian civil Code has not been tested in the Italian courts and, therefore, the risk of unenforceability by the holders of the Notes of the security documents posed by Italian law cannot be eliminated or mitigated.

Centre of Main Interests

Pursuant to Council Regulation (EC) No. 1346 of May 29, 2000 on insolvency proceedings (the "**EU Insolvency Regulation**"), the court which shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the Member State (other than Denmark) where the company concerned has its "centre of main interests" (as that term is used in Article 3(1) of the EU Insolvency Regulation). The determination of where any such company has its "centre of main interests" is a question of fact on which the courts of the different Member States may have differing and conflicting views. The term "centre of main interests" is not a static concept and may change from time to time. Although there is a rebuttable presumption under Article 3(1) of the EU Insolvency Regulation that any such company has its "centre of main interests" in the Member State in which it has its registered office, Preamble 13 of the EU Insolvency Regulation states that the "centre of main interests" of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties. In that respect, factors such as where board meetings are held, the location where the company conducts the majority of its business and the location where a large majority of the company's creditors are established may all be relevant in the determination of the place where the company has its "centre of main interests".

If the "centre of main interests" of a company is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the company under the EU Insolvency Regulation would be commenced in such jurisdiction and, accordingly, a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the EU Insolvency Regulation. Insolvency proceedings opened in one Member State under the EU Insolvency Regulation are to be recognized in the other Member States (other than Denmark), although secondary proceedings may be opened in another Member State. If the "centre of main interests" of a debtor is in one Member State (other than Denmark), under Article 3(2) of the EU Insolvency Regulation, the courts of another Member State (other than Denmark) have jurisdiction to open "territorial proceedings" only in the event that such debtor has an "establishment" (within the meaning of the EU Insolvency Regulation) in the territory of such other Member State. The effects of those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other Member State. If the company does not have an establishment in any other Member State, no court of any other Member State has jurisdiction to open territorial proceedings in respect of such company under the EU Insolvency Regulation.

The Notes will be issued by the Issuer, an entity which has its "centre of main interests" (as defined in the EU Insolvency Regulation) in Italy. As a result, in the event of the insolvency or financial distress of the Issuer, insolvency, reorganization and debt restructuring proceedings will be initiated in Italy.

Applicable Insolvency Laws

The insolvency laws of Italy may not be as favorable to investors' interests as those of creditors in other jurisdictions with which investors may be familiar. In Italy, courts play a central role in the insolvency process. Moreover, the enforcement of security interests by creditors in Italy can be time consuming.

The following is a brief description of certain aspects of insolvency law in Italy.

The two primary aims of Royal Decree No. 267 of March 16, 1942 (the main Italian bankruptcy legislation), as reformed and currently in force (the "**Italian Bankruptcy Law**") are to maintain employment and to liquidate the debtor's assets for the satisfaction of creditors. These competing aims often have been balanced by the sale of businesses as going concerns and ensuring that employees are transferred along with the businesses being sold. However, the Italian Bankruptcy Law has been recently amended with a view to promoting rescue procedures rather than liquidation, focusing on the continuity and survival of financially distressed businesses and enhancing pre-bankruptcy restructuring options.

Under the Italian Bankruptcy Law, bankruptcy must be declared by a court, based on the insolvency (*insolvenza*) of a company upon a petition filed by the company itself, the public prosecutor and/or one or more creditors. Insolvency occurs when a debtor is no longer able to regularly meet its obligations as they come due. This must be a permanent rather than a temporary status.

The following debt restructuring and bankruptcy alternatives are available under Italian law for companies facing financial difficulties or in a state of temporary crisis, and for insolvent companies.

Restructuring Outside of a Judicial Process (*Accordi Stragiudiziali*)

Restructuring generally takes place through a formal judicial process because it is more favorable for the debtor and because informal arrangements put in place as a result of an out-of-court restructuring are vulnerable to being reviewed by a court in the event of a subsequent insolvency, and possibly challenged as voidable transactions. However, in cases where a company is solvent, but facing financial difficulties, it may be possible to enter into an out-of-court arrangement with its creditors, which may safeguard the existence of the company.

Out-of-court reorganization plans (*Piani di risanamento*) pursuant to Article 67, Paragraph 3(d) of the Italian Bankruptcy Law.

Out-of-court debt restructuring agreements are based on restructuring plans (*piani di risanamento attestati*) prepared by companies in order to restructure their indebtedness and to ensure the recovery of their financial condition. An independent expert appointed directly by the debtor has to verify the feasibility of the restructuring plan and the truthfulness of the business data provided by the company. There is no need to obtain court approval to appoint the expert. The terms and conditions of these plans are freely negotiable. Unlike in-court pre-bankruptcy agreement proceedings and debt restructuring agreements, out-of-court reorganization plans do not offer the debtor any protection against enforcement proceedings and/or precautionary actions of third-party creditors. The Italian Bankruptcy Law provides that, should these plans fail and the debtor be declared bankrupt, the payments and/or acts carried out for the implementation of the reorganization plan, subject to certain conditions (a) are not subject to claw-back action; and (b) are exempted from the potential application of certain criminal sanctions. Neither ratification by the court nor publication in the Companies' Register are needed (although publication in the Companies' Register is possible upon a debtor's request and would allow to certain tax benefits).

Debt restructuring agreements with creditors pursuant to Article 182-bis of the Italian Bankruptcy Law (*Accordi di ristrutturazione dei debiti*)

Out-of-court arrangements for the restructuring of indebtedness entered into with creditors representing at least 60% of the total amount of the company's outstanding debts can be ratified by the court. An independent expert appointed by the debtor must assess that the agreement is feasible and that it ensures that the non-participating creditors can be fully satisfied within the following terms: (a) 120 days from the date of ratification of the agreement by the court, in the case of debts which are due and payable to the non-participating creditors as at the date of the sanctioning (*omologazione*) of the debt restructuring agreement by the court; and (b) 120 days from the date on which the relevant debts fall due, in case of debts which are not yet due and payable to the nonparticipating creditors as of the date of the sanctioning (*omologazione*) of the debt restructuring agreement by the court.. Only a debtor who is insolvent or in a situation of "financial distress" (i.e., facing financial distress which does not yet amount to insolvency) can initiate this process and request the court's ratification (*omologazione*) of the debt restructuring agreement entered into with its creditors.

The agreement is published in the companies' register and is effective as of the day of its publication. Starting from the date of such publication and for 60 days thereafter, creditors cannot start or continue any interim relief or enforcement actions over the assets of the debtor in relation to pre-existing receivables. Such moratorium of any interim relief and enforcement actions can be requested by the debtor from the court also prior to the above-mentioned publication of the agreement, subject to the fulfillment of certain conditions. The debt restructuring agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

Such moratorium can also be requested, pursuant to Article 182-bis, Paragraph 6 of the Italian Bankruptcy Law, by the debtor from the court pending negotiations with creditors (prior to the above-mentioned publication of the agreement), subject to the fulfillment of certain conditions. Such moratorium request must be published in the companies' register and becomes effective as of the date of publication. The court, having verified the completeness of the documentation, sets the date for a hearing within 30 days of the filing of the request and orders the company to supply the relevant documentation in relation to the moratorium to the creditors. In such hearing, the court assesses whether the conditions for granting the moratorium are in place and, if they are, orders that no interim relief or enforcement action may be started or continued, nor can security interests (unless agreed) be acquired over the assets of the debtor, and sets a deadline (not exceeding 60 days) within which a debt restructuring agreement and the assessment by the expert must be deposited. The court's order may be challenged within 15 days of its publication. Within the same time frame, an application for the *concordato preventivo* (as described below) may be filed, without prejudice to the effect of the moratorium.

Creditors may oppose the agreement within 30 days from the publication of the agreement in the companies' register. After having settled the oppositions (if any) the court will validate the agreement by issuing a decree, which can be appealed within 15 days of its publication.

Moreover, pursuant to Article 182-*quater* financings granted to a debtor "in view of" (*in funzione*) a petition for the sanctioning (*omologazione*) of an agreement pursuant to Article 182-*bis* or a *concordato preventivo* procedure benefit of the same super-priority status in case of subsequent bankruptcy of the debtor where such financings are contemplated under the underlying restructuring plan and the super-priority status is expressly recognized by the court in the context of the sanctioning (*omologazione*) of the Article 182-*bis* agreement or the approval of the c*oncordato preventivo* procedure. Same provisions apply to financings granted by shareholders up to 80% of their amount.

Court-supervised pre-bankruptcy composition with creditors (*concordato preventivo*)

A company which is insolvent or in a situation of "financial distress" but has not been declared insolvent by the court has the option to seek an arrangement with its creditors under court supervision in order to compose its overall indebtedness and/or reorganize its business, thereby avoiding a declaration of insolvency and the initiation of bankruptcy proceedings. Such arrangement with creditors can be sought by a company which meets any of the following thresholds: (i) assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million in each of the three preceding fiscal years; (ii) gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the three preceding fiscal years'; or (iii) total indebtedness in excess of €0.5 million. Only the debtor company can file a petition for a *concordato preventivo* (together with, *inter alia*, the proposed agreement and a report prepared by an independent expert appointed by the debtor assessing, *inter alia*, the feasibility of the composition proposal). Between the filing of the *concordato preventivo* proposal with the court and its confirmation by the court, all enforcement actions by the creditors (whose title arose before the confirmation of the court) are stayed. The composition proposal may provide for: (i) the restructuring of debts and the satisfaction of creditors' claims, in any manner, including for example, through extraordinary transactions such as the granting to creditors and their subsidiaries or affiliated companies of shares, bonds (also convertible into shares), or other financial instruments and debt securities; (ii) the transfer to a receiver (*assuntore*) of the operations of the business involved in the proposed composition agreement; (iii) the division of creditors into classes; and (iv) different treatments for creditors belonging to different classes. The composition agreement may also contain a proposed tax settlement for the partial or deferred payment of certain taxes.

The composition agreement may also propose the continuation of the relevant business activity by the debtor company, the transfer of the business itself or the contribution thereof in one or more companies (even though newly incorporated), without prejudice to the possibility to liquidate the assets which are not necessary to carry out the business (*concordato con continuità aziendale*). In such case, the Italian Bankruptcy Law provides for a specific regime, specifying, *inter alia,* that the relevant composition proposal shall also fully describe the costs and revenues which are expected as a consequence of the continuation of the business activity, of the financial resources which will be necessary and the relevant financial support and that the expert shall certify that the continuation of the business is functional to a better satisfaction of the creditors.

The court determines whether the proposal for the composition is admissible, in which case the court, *inter alia*, delegates a judge (*giudice delegato*) to follow the procedure, appoints one or more judicial officers (*commissari giudiziali*) and calls a creditor meeting. During the implementation of the arrangement, the company is managed by its corporate bodies (generally its board of directors) under the surveillance of such judicial officer(s) and under the supervision of such judge delegated by the court.

The *concordato preventivo* is voted on at a creditors' meeting and must be approved by creditors representing a majority of the unsecured creditors entitled to vote or, where different classes of creditors are formed, by the majority of creditors within each class. Those creditors who, being entitled to vote, did not do so and those who did not express their dissent (including failing to notify their objection via telegraph, fax, mail or certified e-mail) within 20 days of the closure of the minutes of the creditors' meeting are deemed to be consenting to the *concordato preventivo*. Secured creditors do not generally vote on the proposal of *concordato preventivo* unless they waive their security or the *concordato preventivo* provides that they will not receive full satisfaction (in which case they can vote only in respect of the part of the debt affected by such proposal). If a creditor of a dissenting class or, if the plan does not provide for more classes of creditors, a number of dissenting creditors representing 20% of the credits admitted to vote, file an opposition to the certification, the competent court may reject such opposition and sanction the *concordato preventivo* if it deems that the relevant credit may be satisfied, as a result of the *concordato preventivo*, for an amount which is not lower than the amount achievable through the alternatives otherwise.

After the creditors' approval, the court (after having settled possible objections raised by the dissenting creditors, if any) must confirm the *concordato preventivo* proposal by issuing a confirmation order.

If the approval of the *concordato preventivo* fails, the court may, upon request by the public prosecutor or a creditor and after having ascertained the condition for declaration of bankruptcy, declare the company bankrupt.

Pre-application for the composition with creditors (*concordato preventivo*), even in view of a restructuring agreement (*accordo di ristrutturazione del debito*)

The filing of the application for the certification of a restructuring arrangement (*accordo di ristrutturazione del debito*) and the application for a composition with creditors (*concordato preventivo*) may be pre-empted by the filing by the debtor distressed company of a pre-application for a composition with creditors (*concordato preventivo*). In particular, according to Article 161(6) of the Italian Bankruptcy Law, the distressed company may file a pre-application for the composition with creditors together with (i) the financial statements of the last three financial years and, pursuant to the recent law Italian law decree no 69/2013 ("**Law Decree 69/2013**") which has come into force on 22 June 2013 and shall be converted into law within 20 August 2013, (ii) the list of creditors with the reference to their relevant credits, asking the competent court to set a deadline, between 60 and 120 days (subject to a further extension of up to 60 days where there are reasonable grounds) for the filing of additional documents required for the filing of a petition at court for a *concordato preventivo*. Pursuant to Law Decree 69/2013, the court, if accepts such pre-application, (i) may appoint a judicial commissioner to overview the company, who, in the event that the debtor has carried out one of the activities under article 173 of the Italian Bankruptcy Law (e.g. concealment of part of assets, omission to report one or more claims, declaration of non-existent liabilities or commission of other fraudulent acts), shall report it to the court, which, upon further verification, may reject the petition at court for a *concordato preventivo* and (ii) sets forth reporting and information duties of the company during the above mentioned period. The debtor company may not file such pre-application where it had already done so in the previous two years without the admission to the composition with creditors (or the certification of a restructuring arrangement (*accordo di ristrutturazione del debito*)) having followed. The decree setting the term for the presentation of the documentation contains also the periodical information requirements (relating also to the financial management of the company) that the company has to fulfill until the lapse of the term established by the court. Non-compliance with these requirements results in the application for the composition with creditors being declared inadmissible and, upon request of the creditors or the public prosecutor and provided that the relevant requirements are verified, in the adjudication of the Distressed Company into bankruptcy. Following the filing of the pre-application and until the decree of admission to the composition with creditors, the distressed company may (i) carry out acts pertaining to its ordinary activity and (ii) seek the Court's authorization to carry out acts pertaining to its extraordinary activity, to the extent they are urgent. Receivables arising from acts lawfully carried out by the distressed company are treated as super-senior (*prededucibili*) pursuant to Article 111 of the Italian Bankruptcy Law and the related acts, payments and security interests granted are exempted from the claw-back action provided under Article 67 of the Italian Bankruptcy Law.

Bankruptcy proceedings (*fallimento*)

A request to declare a debtor bankrupt and to commence bankruptcy proceedings (*fallimento*) for the judicial liquidation of its assets can be filed by the same debtor, any number of creditors and, in certain cases, by the public prosecutor. Bankruptcy is declared by the competent bankruptcy court. The Italian Bankruptcy Law is applicable only if the company meets any of the following thresholds: (i) assets (*attivo patrimoniale*) in an aggregate amount exceeding €0.3 million in each of the latest three fiscal years; (ii) gross revenue (*ricavi lordi*) in an aggregate amount exceeding €0.2 million for each of the latest three fiscal years; or (iii) total indebtedness in excess of €0.5 million.

Upon the commencement of bankruptcy proceedings:

- subject to certain exceptions, all actions of creditors are stayed and creditors must file claims within a defined period. In particular, under certain circumstances secured creditors may execute against the secured property as soon as their claims are admitted as preferred claims. Secured claims are paid out of the proceeds of the secured assets, together with interest and expenses. Any outstanding balance will be considered unsecured and rank *pari passu* with all of the bankrupt's other unsecured debt. The secured creditor may sell the secured asset only after it has obtained authorization from the designated judge (*giudice delegato*). After hearing the bankruptcy trustee and the creditors' committee, the designated judge decides whether to authorize the sale, and sets forth the timing in his or her decision;
- the administration of the debtor and the management of its assets pass from the debtor to the bankruptcy receiver (*curatore fallimentare*); and
- after a declaration of bankruptcy with respect to a creditor, any act (including payments) made by the debtor, other than those made through the receiver, become ineffective. Although the general rule is that the bankruptcy receiver is allowed to terminate contracts where some or all of the obligations have not been performed, certain contracts are subject to specific rules expressly provided for by Italian Bankruptcy Law.

Bankruptcy proceedings are carried out and supervised by a court-appointed bankruptcy receiver, a deputy judge (*giudice delegato*) and a creditors' committee. The bankruptcy receiver is not a representative of the creditors, and is responsible for the liquidation of the assets of the debtor to the satisfaction of creditors. The proceeds from the liquidation are distributed in accordance with statutory priority. The liquidation of a debtor can take a considerable amount of time, particularly in cases where the debtor's assets include real property. The Italian Bankruptcy Law provides for priority of payment to certain preferential creditors, including employees, the Italian treasury, and judicial and social authorities. Additionally, Italian bankruptcy law provides for the following:

- ***Bankruptcy composition with creditors (concordato fallimentare).*** A bankruptcy proceeding can terminate prior to liquidation through a bankruptcy composition proposal with creditors. The relevant petition can be filed by one or more creditors, third parties or the receiver starting from the declaration of bankruptcy, whereas the debtor or its subsidiaries are admitted to file such a proposal only after one year following such declaration but before the lapse of two years from the decree giving effectiveness to the bankruptcy's estate. The petition may provide for the division of creditors into classes (thereby proposing different treatments among the classes), the restructuring of debts and the satisfaction of creditors' claims in any manner. The petition may provide the possibility that secured claims are paid only in part. The *concordato fallimentare* proposal must be approved by the creditors' committee and the creditors holding the majority of claims (and, if classes are formed, by a majority of the claims in a majority of the classes). Final court confirmation is also required.

- ***Statutory priorities.*** The statutory priority assigned to creditors under the Italian Bankruptcy Law may be different from the priorities in the United States, the United Kingdom and certain other EU jurisdictions. Under Italian law, the highest priority claims (after the costs of the proceedings are paid) are the claims of preferential creditors, including the claims of the Italian tax authorities and social security administrators, and claims for employee wages. The remaining priorities of claims are, in order of priority, those related to secured creditors (*creditori privilegiati*; a preference in payment in most circumstances, but not exclusively, provided for by law), mortgages (*creditori ipotecari*), pledges (*creditori prignoratizi*) and unsecured creditors (*crediti chirografari*). Under Italian law, the proceeds from the sale of the bankrupt's estate are distributed according to legal rules of priority. Neither the debtor nor the court can deviate from these priority rules by proposing their own priorities of claims or by subordinating one claim to another based on equitable subordination principles. The law creates a hierarchy of claims that must be adhered to when distributing the proceeds derived from the sale of the entire bankrupt's estate or part thereof, or from a single asset.
- ***Avoidance powers in insolvency.*** Similar to other jurisdictions, there are so-called "claw-back" or avoidance provisions under Italian law that may give rise, *inter alia*, to the revocation of payments or to the granting of security interests made by the debtor prior to the declaration of bankruptcy. The key avoidance provisions address transactions made below market value, preferential transactions and transactions made with a view to defraud creditors. Claw-back rules under Italian law are normally considered to be particularly favorable to the receiver in bankruptcy compared to the rules applicable in other jurisdictions.

In a bankruptcy proceeding, the Italian Bankruptcy Law provides for a claw-back period of up to one year (six months in certain circumstances) and a two-year ineffectiveness period for certain other transactions.

In particular, the Italian Bankruptcy Law distinguishes between acts or transactions which are ineffective by operation of law and acts or transactions which are voidable at the request of the bankruptcy receiver/court commissioner:

(a) ***Acts ineffective by operation of law.*** (i) Under article 64 of the Italian Bankruptcy Law, all transactions entered into for no consideration are ineffective vis-à-vis creditors if entered into by the bankrupt entity in the two-year period prior to the insolvency declaration, and (ii) under article 65 of the Italian Bankruptcy Law, payments of receivables falling due on the day of the insolvency declaration or thereafter are deemed ineffective vis-à-vis creditors, if made by the bankrupt entity within the two-year period prior to the insolvency declaration.

(b) Acts that may be avoided at the bankruptcy receiver's request. These can include the following:

   (i) The following acts and transactions, if made during the vulnerability period or such other period specified below, may be avoided and declared ineffective, unless the other party proves that it had no actual or constructive knowledge of the debtor's insolvency:

   - transactions entered into in the year before the insolvency declaration, when the value of the debt or the obligations undertaken by the bankrupt entity exceeds 25% of the value of the consideration received by and/or promised to the debtor;
   - payments of debts, due and payable, made by the bankrupt entity which were not paid in cash or by other customary means of payment in the year prior to the insolvency declaration;
   - pledges and mortgages granted by the bankrupt entity in the year prior to the insolvency declaration in order to secure pre-existing debts which have not yet fallen due; and

- pledges and mortgages granted by the bankrupt entity in the six months prior to the insolvency declaration in order to secure mature debts.

(ii) The following acts and transactions, if made during the vulnerability period or such other period specified below, may be avoided and declared ineffective if the bankruptcy receiver proves that the other party knew that the bankrupt entity was insolvent:

- the payments of debts that are immediately due and payable and any onerous transactions entered into or made within six months prior to the insolvency declaration; and
- deeds granting pre-emptive rights in favor of debts (even those of third parties) which are simultaneously created and made within six months prior to the insolvency declaration.

(iii) The following transactions are exempt from claw-back actions:

- a payment for goods or services made in the ordinary course of business according to market practice;
- a remittance on a bank account; *provided that* it does not materially and permanently reduce the bankrupt entity's debt towards the bank;
- the sale, including an agreement for sale registered pursuant to Article 2645-bis of the Royal Decree No. 262 of March 16, 1942 (the "**Italian Civil Code**"), currently in force, made for a fair value and concerning a residential property that is intended as the main residence of the purchaser or the purchaser's family (within three degrees of kinship) or a non-residential property that is intended as the main seat of the enterprise of the purchaser; *provided that*, as at the date of the insolvency declaration, the activity is actually exercised therein or the investments for the commencement of such activity have been carried out therein;
- transactions entered into, payments made and guarantees issued with respect to the bankrupt entity's goods, provided that they concern the implementation of a plan (*piano attestato*) which permits for the restructuring of the debt and for the improvement of its financial position; *provided that* an "independent" (in accordance with article 67 of the Italian Bankruptcy Law) expert registered in the legal register and eligible to be appointed as a bankruptcy receiver pursuant to article 28, paragraphs (a) and (b), of the Italian Bankruptcy Law is certifying the accuracy of the business data and the feasibility of the plan;
- a transaction entered into, payment made or guarantee issued to implement a "*concordato preventivo*" or an "*accordo di ristrutturazione del debito*" under Article 182-bis of the Italian Bankruptcy Law and transactions entered into, payments made and security interests granted after the filing for the application for a *concordato preventivo* pursuant to Article 161 of the Italian Bankruptcy Law (see above); and
- remuneration payments to the bankrupt entity's employees and consultants concerning work carried out by them;

(c) payments of a debt that is immediately due, payable and made on the due date, with respect to services necessary for access to *concordato preventivo* procedures.

In addition, in certain cases, the bankruptcy receiver can request that certain transactions of the bankrupt entity be declared void within the ordinary claw-back period of five years (*revocatoria ordinaria*) provided for by the Italian Civil Code. Under Article 2901 of the Italian Civil Code, a creditor may demand that transactions whereby the bankrupt entity disposed of its assets prejudicially to such creditor's rights be declared ineffective with respect to such creditor, provided that the bankrupt entity was aware of such prejudice (or, if the transaction was entered into prior to the date on which the claim was originated, that such transaction was fraudulently entered into by the bankruptcy entity for the purpose of prejudicing the bankrupt entity) and that, in the case of a transaction entered into for consideration with a third person, the third person was aware of such prejudice (and, if the transaction was entered into prior to the date on which the claim was originated, such third person participated in the fraudulent design).

Extraordinary administration for large insolvent companies (*amministrazione straordinaria delle grandi imprese in stato di insolvenza*)

An extraordinary administration procedure is available under Italian law for large industrial and commercial enterprises (commonly referred to as the "*Prodi-bis*" procedure). Companies must be insolvent although able to demonstrate serious recovery prospects. To qualify for this procedure, the company must have employed at least 200 employees in the previous year. In addition, it must have debts equal to at least two-thirds of its assets as shown in its financial statements and two-thirds of its income must have been derived from sales and services during its last financial year. The procedure may be commenced by petition of the creditors, the debtor, a court or the public prosecutor. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to an extraordinary administration proceeding. Extraordinary administration procedures involve two main phases—an administrative phase and a judicial phase.

In the administrative phase, the court determines whether the company meets the admission criteria and whether it is insolvent. It then issues a decision to that effect and appoints a judicial receiver (or up to three such judicial receivers) (*commissiario giudiziale*) to investigate whether there are serious prospects for recovery via a business sale or reorganization. The judicial receiver submits a report to the court (within 30 days) together with an opinion from the Italian Productive Activities Minister (the "**Ministry**"). The court has 30 days to decide whether to admit the company to the procedure or place it into bankruptcy.

Assuming that the company is admitted to the extraordinary administration procedure, the judicial phase begins and the extraordinary commissioner(s), appointed by the Ministry, prepare a restructuring plan. The plan can provide either for the sale of the business as a going concern within one year (unless extended by the Ministry) (the "**Disposal Plan**") or a reorganization leading to the company's economic and financial recovery within two years (unless extended by the Ministry) (the "**Recovery Plan**"). It may also include an arrangement with creditors (e.g. debt for equity swap, an issue of shares in a new company to whom the assets of the company have been transferred, etc.) (*concordato*). The plan must be approved by the Ministry. The procedure ends upon successful completion of either a Disposal Plan or a Recovery Plan; however' should either plan fail, the company will be declared bankrupt.

Industrial restructuring of large insolvent companies (*ristrutturazione industriale di grandi imprese in stato di insolvenza*)

Introduced in 2003, the industrial restructuring of large solvent companies is also known as the "*Marzano procedure*". It is complementary to the *Prodi-bis* procedure and, except as otherwise provided, the same provisions apply. The Marzano procedure is intended to work faster than the *Prodi-bis* procedure. For example, although a company must be insolvent, the application to the Ministry can be made before the court commences the administrative phase.

The Marzano procedure only applies to large insolvent companies which, on a consolidated basis, have at least 500 employees in the year before the procedure is commenced and at least €300 million of debt. The decision whether to open a Marzano procedure is taken by the Ministry following the debtor's request (who must also file an application for the declaration of insolvency). The Ministry assesses whether the relevant requirements are met and then appoints the extraordinary commissioner(s) who will manage the company. The court also decides on the company's insolvency.

The extraordinary commissioner(s) has/have 180 days (or 270 days if the Ministry so agrees) to submit a Disposal Plan or Recovery Plan. The restructuring through the Disposal Plan or the Recovery Plan must be completed within, respectively, one year (extendable to two years) and two years. If no Disposal or Recovery Plan is approved by the Ministry, the court will declare the company bankrupt and open bankruptcy proceedings.

Compulsory administrative winding-up (liquidazione coatta amministrativa)

A compulsory administrative winding-up (*liquidazione coatta amministrativa*) is only available for public interest entities such as state-controlled companies, insurance companies, credit institutions and other financial institutions, none of which can be wound up pursuant to bankruptcy proceedings. It is irrelevant whether these companies belong to the public or the private sector. A compulsory administrative winding-up is a special insolvency proceeding in that the entity is liquidated not by the bankruptcy court but by the relevant administrative authority that oversees the industry in which the entity is active. The procedure may be triggered not only by the insolvency of the relevant entity, but also by other grounds expressly provided for by the relevant legal provisions (e.g., in respect of Italian banks, serious irregularities concerning the management of the bank or serious violations of the applicable legal, administrative or statutory provisions).

The effect of this procedure is that the entity loses control over its assets and a liquidator (*commissario liquidatore*) is appointed to wind up the company. The liquidator's actions are monitored by a steering committee (*comitato di sorveglianza*). The powers assigned to the designated judge and the bankruptcy court under the other insolvency proceedings are assumed by the relevant administrative authority under this procedure. The effect of the forced administrative winding-up on creditors is largely the same as under bankruptcy proceedings and includes, for example, a ban on enforcement measures. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to a compulsory administrative winding-up.

Fraudulent Transfer Provisions of General Applicability Including During Bankruptcy

Under Italian law, an action can be brought by any creditor of a given debtor within five years from the date in which the latter enters into a guarantee, agreement and any other act by which it disposes of any of its assets, in order to seek a claw-back action (*azione revocatoria*) pursuant to Article 2901 of the Italian Civil Code (which results in a declaration of ineffectiveness as to the acting creditor) of the said guarantee, agreement and other act that is purported to be prejudicial to the acting creditor's right of credit. An Italian court could revoke said guarantee, agreement and other act only if it, in addition to ascertaining prejudice (as outlined above), was to make the following two findings:

- that the debtor was aware of the prejudice which the act would cause to the rights of the acting creditor, or, if such act was done prior to the existence of the claim or credit, that the act was fraudulently designed for the purpose of prejudicing the satisfaction of the claim or credit;
- that, in the case of non-gratuitous act, the third party involved was aware of said prejudice and, if the act was done prior to the existence of the claim or credit, that the said third party participated in the fraudulent design.

Under Luxembourg law, financial collateral arrangements within the meaning of the Luxembourg law of 5 August 2005 on financial collateral arrangements, as amended, may not be challenged by a bankruptcy receiver on the basis of insolvency regulations. Although the revocatory action specifically open to the bankruptcy receiver under bankruptcy rules where a transaction has defrauded the creditors of the bankrupt debtor has been clearly set aside by the Luxembourg law of 5 August 2005 on financial collateral arrangements, as amended, even if governed by a foreign law, the general revocatory action open to any creditor who is the victim of an act defrauding its rights, pursuant to article 1167 of the Luxembourg Civil Code (*actio pauliana*) and foreign revocatory actions not founded on insolvency regulations (to the extent applicable under conflict of laws rules), should remain available to such creditor.

Service of process and enforcement of judgments

The Issuer is a joint stock company (*società per azioni*) organized under the laws of Italy. All of the directors and executive officers of the Issuer live outside the United States. Substantially all the assets of the directors and executive officers of the Issuer and all the assets of the Issuer are located outside the United States. As a result, although the Issuer has appointed an agent for service of process under the indenture governing the Notes, it may be difficult for you to serve process on those persons or the Issuer in the United States or to enforce judgments obtained in U.S. courts against them or the Issuer based on civil liability provisions of the federal or state securities laws of the United States.

Subject to the qualifications described below, recognition and enforcement in Italy of final judgments of U.S. courts, including judgments obtained in actions predicated upon the civil liability provisions of the U.S. federal securities laws, may not require retrial on the merits and will be enforceable in Italy, provided that pursuant to Article 64 of Italian Law No. 218 of May 31, 1995, *inter alia*, the following conditions are met: (i) the relevant U.S. court which rendered the judgment had jurisdiction upon the matter in accordance with Italian law and have rendered a final and binding judgment, not subject to any further appeal (*passato in giudicato*); (ii) summons and complaints have been appropriately served on the defendant in accordance with applicable U.S. law and no fundamental right of the defendant has been violated during the proceedings; (iii) the parties have had an opportunity to be heard in accordance with applicable U.S. law; (iv) there is no conflicting final judgment by an Italian court or an action pending in Italy that commenced prior to the commencement of the proceedings before the U.S. court among the same parties and arising from the same facts and circumstances; and (v) the content of the U.S. judgment does not violate Italian public policy.

Furthermore, according to Article 67 of Italian Law No. 218 of May 31, 1995, if the judgment rendered by the U.S. court is not complied with, its recognition is challenged or it is necessary to enforce such judgment, a proceeding must be instituted in the competent Court of Appeal to this end. The competent Court of Appeal does not consider the merits of the case but reviews exclusively the existence of all the requirements set out above (including that requiring that the judgment rendered by the U.S. federal or New York state court is not contrary to public policy in Italy).

In original actions brought before Italian courts, there is doubt as to the enforceability of liabilities or remedies based solely on the U.S. federal securities laws. In addition, in original actions brought before Italian courts, Italian courts may apply not only Italian rules of civil procedure, but also certain substantive provisions of Italian law that are regarded as mandatory and may refuse to apply U.S. law provisions if the relevant application violates Italian public policy.

Legal matters

Certain legal matters in connection with this Offering will be passed upon for us by White and Case LLP as to matters of United States federal and New York law and by White and Case (Europe) LLP as to matters of Italian law. Certain legal matters in connection with this Offering will be passed upon for the Initial Purchasers by Latham & Watkins (London) LLP as to matters of United States federal and New York law and Latham & Watkins as to matters of Italian law.

Independent auditors

The Issuer's consolidated financial statements as of December 31, 2011 and 2012 and for each of the two years in the period then ended, included in this Offering Memorandum, have been audited by PricewaterhouseCoopers S.p.A., independent accountants, as stated in their reports appearing herein. PricewaterhouseCoopers S.p.A. with registered office in Via Monte Rosa 91, Milan is registered under No. 119644 in the Register of Accountancy Auditors (*Registro Revisori Legali*) by the Italian Ministry of Economy and Finance., in compliance with the provisions of the Legislative Decree of 27 January, 2010, No. 39. PricewaterhouseCoopers S.p.A. is also a member of ASSIREVI, the Italian association of auditing firms.

Where you can find additional information

Each purchaser of the Notes from the Initial Purchasers will be furnished a copy of this offering memorandum and any related amendments or supplements to this offering memorandum. Each person receiving this offering memorandum and any related amendments or supplements to the offering memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the Initial Purchasers or any person affiliated with any of the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to paragraph (1) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

For so long as any of the Notes remain outstanding and are "**restricted securities**" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are not subject to Section 13 or 15(d) under the U.S. Exchange Act, make available to any holder or beneficial holder of a Note, or to any prospective purchaser of a Note designated by such holder or beneficial holder, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the U.S. Securities Act, upon the written request of any such holder or beneficial owner. We are not currently subject to the periodic reporting or other information requirements of the U.S. Exchange Act.

The additional documents and information specified in "*Listing and general information*" herein and not included in this offering memorandum will be available to be inspected and obtained by holders at the specified office of the listing agent in Luxembourg during normal business hours on any weekday.

Listing and general information

Listing

Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to admit to trading on the Euro MTF Market upon their issuance in accordance with the rules and regulations of that exchange. The Notes are expected to be accepted for clearance through the facilities of Euroclear and Clearstream.

So long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF and the rules and regulations of the Luxembourg Stock Exchange so require, the Issuer will publish or make available any notices (including financial notices) to the public in written form at the places indicated by announcements to be published in a leading newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange or by any other means considered equivalent by the Luxembourg Stock Exchange.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and are admitted to trading on the Euro MTF Market and the rules and regulations of the Luxembourg Stock Exchange so require, copies of the following documents may be obtained free of charge from the Issuer:

- the organizational documents of the Issuer;
- the most recent audited annual consolidated financial statements, any unaudited quarterly and/or semi-annual financial statements and any other documents or reports to be published by the Issuer and furnished to holders of the Notes;
- the indenture governing the Notes (which includes the form of the Notes); and
- the security documents.

We have appointed Deutsche Bank Luxembourg S.A. as Transfer Agent, Registrar and Luxembourg listing agent, and Deutsche Bank AG, London Branch as Paying Agent to make payments on, when applicable, and transfers of, the Notes. We reserve the right to vary such appointments in accordance with the terms of the Indenture.

In addition, application has been made to Borsa Italiana S.p.A. for listing of the Notes on the ExtraMOT, Professional Segment upon their issuance.

Litigation

Except as disclosed in this offering memorandum, see “Business—Legal Proceedings”, the Issuer is involved, or has been involved during the twelve months preceding the date of this offering memorandum, in any litigation, arbitration or administrative proceedings which would, individually or in the aggregate, have a material adverse effect on their results of operations, condition (financial or other) or general affairs and, so far as each is aware, having made all reasonable inquiries, there are no such litigation, arbitration or administrative proceedings pending or threatened.

No Material Changes

Except as disclosed in this offering memorandum, there has been no material adverse change in the financial and trading position of the Issuer and no material change in the capitalization of the Issuer and its subsidiaries since December 31, 2012 (being the last day of the period in respect of which the Issuer published its latest annual audited consolidated financial statements).

Clearing Information

The Notes have been accepted for clearance and settlement through Euroclear and Clearstream under common code 0954288991 for the Notes sold pursuant to Regulation S and under common code 095429068 for the Notes sold pursuant to Rule 144A. The international securities identification number (the “**ISIN**”) for the Notes sold pursuant to Regulation S is XS0954289913 and the ISIN for the Notes sold pursuant to Rule 144A is XS0954290689.

Legal Information

The Issuer

Gamenet S.p.A. is a joint stock company established under the laws of the Republic of Italy and was formed on October 6, 2006. The Issuer is registered with the Rome Companies Register under the registration number 09160031002 and its corporate existence is scheduled to expire on December 31, 2060. The Issuer's financial year ends on December 31.

The registered office of the Issuer is located at Via Corso d'Italia 6, 00198 Rome, Italy.

General

The issuance of the Notes was authorized by resolutions of the boards of directors of the Issuer passed on July 8, 2013.

Index to consolidated financial statements

Unaudited Interim Condensed Consolidated Financial Statements of Gamenet S.p.A. as of March 31, 2013 and for the three months ended March 31, 2013 and 2012

Audited Consolidated Financial Statements of Gamenet S.p.A. as of and for the years ended December 31, 2012 and 2011

GAMENET SPA
CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2013

		As of December 31, 2012	As of March 31, 2013
		(in thousand of Euro)	
Assets			
Property, plant and equipment	note 6	29,354	28,460
Goodwill	note 7	21,471	20,785
Intangible assets	note 8	124,805	120,613
Investments	note 9	1,160	277
Deferred tax assets		8,875	9,027
Non-current financial assets	note 10	12,428	13,473
Other non-current receivables	note 11	4,065	4,065
Non-current trade receivables	note 12	5,695	7,168
Total non-current assets		**207,853**	**203,868**
Deferred tax assets		1,686	1,842
Inventories		23	36
Trade receivables	note 12	51,642	45,444
Current financial assets	note 10	12,781	1,054
Other current receivables	note 11	52,588	62,120
Cash at banks	note 13	3,310	9,478
Total current assets		**122,030**	**119,974**
Total assets		**329,883**	**323,842**

GAMENET SPA
CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2013

		As of December 31, 2012	As of March 31, 2013
		(in thousand of Euro)	
Shareholders' Equity:			
Share capital		2,520	2,520
Legal reserve		504	504
Share premium reserve		23,125	23,125
Other reserves		5,865	5,865
Retained earnings (losses)		(14,180)	7,577
Net income for the period		21,757	6,975
Total shareholders' equity attributable to the Group		**39,591**	**46,566**
Equity attributable to minority interest		500	221
Loss for the period attributable to minority interest		(206)	(131)
Total shareholders' equity attributable to minority interest		**294**	**90**
Total Shareholders' Equity		**39,885**	**46,656**
Liabilities			
Non-current financial liabilities	note 14	101,390	93,671
Employee benefit liability		1,126	1,267
Deferred tax liabilities		137	128
Provisions for risks and charges	note 15	9,305	9,186
Trade payables		1,256	645
Tax payable		3,704	1,852
Other non-current liabilities		25,816	24,391
Total non-current liabilities		**142,734**	**131,140**
Current financial liabilities	note 14	39,827	43,825
Trade payables		20,513	18,322
Other current liabilities		21,107	22,222
Tax payable		65,817	61,677
Total current liabilities		**147,264**	**146,046**
Total liabilities		**289,998**	**277,186**
Total liabilities and shareholders' equity		**329,883**	**323,842**

GAMENET SPA
CONSOLIDATED INCOME STATEMENT
FOR THE THREE MONTHS ENDED MARCH 31, 2012 AND 2013

		For the three months ended	
		March 31, 2012	**March 31, 2013**
		(in thousand of Euro)	
Revenues	note 17	153,007	143,472
Other income		1,412	2,091
Total revenues and income		**154,419**	**145,563**
Cost of services	note 18	(125,758)	(111,713)
Other operating costs	note 19	(8,594)	(9,656)
Personnel expenses	note 20	(2,485)	(2,825)
Accruals and provisions	note 21	(462)	(1,709)
Purchases of materials, consumables and merchandise		(23)	(152)
Depreciation, amortisation and impairments	note 22	(5,355)	(6,212)
Operating profit		**11,742**	**13,296**
Finance income	note 23	266	194
Finance expenses	note 23	(2,816)	(2,578)
Extraordinary income/(expense)	note 24	(183)	50
Profit before tax		**9,009**	**10,962**
Income tax	note 25	(3,856)	(4,118)
Net income for the period		**5,153**	**6,844**
Attributable to minority interest		—	*(131)*
Attributable to the Group		*5,153*	*6,975*

GAMENET SPA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012

Description	Share Capital	Legal Reserve	Share Premium Reserve	Other reserves	Retained losses	Total Group Equity	Non Controlling Interest Equity	Non-Controlling Interest Profit (Loss)	Total Consolidated Equity
					(in thousand of Euro)				
Balance as of December 31, 2011	2,520	240	23,125	5,865	(13,916)	17,834	—	—	17,834
Net income for the period	—	—	—	—	5,153	5,153	—	—	5,153
Balance as of March 31, 2012	2,520	240	23,125	5,865	(8,763)	22,987	—	—	22,987

Description	Share Capital	Legal Reserve	Share Premium Reserve	Other reserves	Retained earnings	Total Group Equity	Non-Controlling Interest Equity	Non-Controlling Interest Profit (Loss)	Total Consolidated Equity
					(in thousand of Euro)				
Balance as of December 31, 2012	2,520	504	23,125	5,865	7,577	39,591	500	(206)	39,885
Allocation of the result for the 2012 period	—	—	—	—	—	—	(206)	206	—
Increase of the investment in Gamenet Entertainment Srl	—	—	—	—	—	—	(73)	—	(73)
Net income for the period	—	—	—	—	6,975	6,975	—	(131)	6,844
Balance as of March 31, 2013	2,520	504	23,125	5,865	14,552	46,566	221	(131)	46,656

GAMENET SPA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2013 AND 2012

	For the three months ended	
	March 31, 2012	March 31, 2013
	(in thousand of Euro)	
Net income for the period	**5,153**	**6,844**
Adjustments to reconcile the net income for the period to the cash flow from operating activities:		
Amortisation and depreciation	5,355	6,212
Change in provisions for risks and losses	(234)	(128)
Change in Employees' termination pay	104	141
Net change in deferred tax assets	(149)	(308)
Impairment of receivables	—	1,205
Adjustment accrued interest	981	1,042
Change in net working capital	(1,846)	(14,334)
Cash flows from operating activities (A)	**9,364**	**674**
Cash flow from investing activities		
Investments net, in property, plant and equipment	(2,957)	(926)
Investments net, in intangible assets	(608)	(368)
Acquisition of equity investments	(152)	(171)
Change in receivables and other financial assets	(49)	11,716
Cash flows from (used in) investing activities (B)	**(3,766)**	**10,251**
Cash flow from financing activities		
Net change in financial liabilities	(5,195)	(4,757)
Cash flows from (used in) financing activities (C)	**(5,195)**	**(4,757)**
Total cash flows (D = A + B + C)	**403**	**6,168**
Cash at banks at the beginning of the period (E)	**1,042**	**3,310**
Cash at banks at the end of the period (F = D + E)	**1,445**	**9,478**

GAMENET SPA
Notes to the condensed consolidated interim financial statements
As of March 31, 2013 and for the three months ended March 31, 2013 and 2012

1. GENERAL INFORMATION

Gamenet SpA (the "**Company**" and together with its subsidiaries the "**Group**") operates in the Italian gaming industry. The Group is a concessionaire for i) the creation and management of the online network to manage legal public games by AWP and VLT machines, the concession for which has been renewed for nine years on March 20, 2013; ii) betting operations through the activation and management of the distribution network and iii) on-line gaming operations. Furthermore, Gamenet SpA directly manages through one of its subsidiaries small-medium size gaming halls.

The registered office of the Company is Corso d'Italia 6, Rome, Italy.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements as of and for the three months ended March 31, 2013 (the "**Interim Condensed Consolidated Financial Statements**") have been prepared in accordance with OIC 30, 'Interim financial reporting', which governs interim financial reporting. OIC 30 permits a significantly lower amount of information to be included in interim financial statements from what is required for annual financial statements prepared in accordance with the accounting principles established by Organismo Italiano di Contabilità (O.I.C.). The Interim Condensed Consolidated Financial Statements are prepared in condensed form and should be read in conjunction with the Company's consolidated financial statements as of and for the year ended December 31, 2012 (the "**2012 Consolidated Financial Statements**"). Unless otherwise stated, all amounts are disclosed in thousands of Euro.

The Interim Condensed Consolidated Financial Statements have been prepared for inclusion in the offering memorandum prepared in connection with the Company's issuance of senior secured notes to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act ("**Rule 144A**") in reliance on Rule 144A and (ii) to non-US persons outside the United States in offshore transactions in reliance on Regulation S. Application will be made to list the notes on the official list of the Luxembourg Stock Exchange for trading on the Euro MTF Market. In addition, application will be made to Borsa Italiana S.p.A. for listing of the notes on the ExtraMOT, Professional Segment.

The Interim Condensed Consolidated Financial Statements were approved by the Company's Board of Directors on June 27, 2013.

3. CHANGE IN SCOPE OF CONSOLIDATION

In March 2012 we incorporated Gamenet Entertainment S.r.l., as part of our strategy to expand our concession based business into the retail segment. Gamenet Entertainment S.r.l. was incorporated to manage small to medium size gaming halls and has been consolidated in our financial statements since August 2012.

4. ACCOUNTING POLICY

The accounting policies adopted are consistent with those applied in the 2012 Consolidated Financial Statements, that is the law governing the preparation of consolidated financial statements, as interpreted and integrated by the accounting principles established by O.I.C.

5. INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

The following table shows information relating to transactions with related parties as of and for the period ended March 31, 2012 and 2013.

The commercial transactions are mainly related to operations with the distribution network. The financial transactions are related to the loans granted by the shareholders and other related entities. Tax transactions relate to the effects of the tax consolidation mechanism applied in prior years, in which CRIGA was the tax consolidation Group parent.

		As of December 31, 2012		As of March 31, 2013	
	Nature of transaction	Receivables	Payables	Receivables	Payables
		(in thousand of Euro)			
Shareholders:					
TCP Eurinvest Lux S.à r.l	Financial	—	56,418	—	57,461
CRIGA	Commercial/Tax	3,925	4,939	3,938	4,522
		3,925	61,357	3,938	61,983
Non-consolidated subsidiaries:					
Verve SpA	Financial	—	—	16	—
Eurispea Srl	Commercial/Compensation	10	—	14	7
		10	—	30	7
Other related entities:					
Romagna Giochi Srl(1)	Commercial/Financial	5,642	4,358	5,742	2,800
Italgiochi 2001 Srl(1)	Commercial	524	14	459	18
C.N.G. Srl(1)	Commercial	63	—	64	—
Extra Games Srl(1)	Commercial	917	—	831	—
M Group di Minopoli Pietro Sas(1)	Commercial	399	—	394	—
		7,545	4,372	7,490	2,818
Total		11,480	65,729	11,458	64,808

		For the three months ended March 31, 2012		For the three months ended March 31, 2013	
	Nature of transaction	Revenues	Expenses	Revenues	Expenses
		(in thousand of Euro)			
Shareholders:					
TCP Eurinvest Lux S.à r.l	Financial	—	981	—	1,043
CRIGA	Commercial/Tax	7	—	8	—
		7	981	8	1,043
Key Management Personnel:					
Antonini	Compensation	—	113	—	—
Casalone	Compensation	—	100	—	100
		—	213	—	100
Non-consolidated subsidiaries:					
Eurispea Srl	Commercial	—	7	4	2
		—	7	4	2
Other related entities:					
Romagna Giochi Srl(1)	Commercial	—	16,488	—	14,318
Italgiochi 2001 Srl(1)	Commercial	—	1,388	—	912
C.N.G. Srl(1)	Commercial	—	404	—	329
Extra Games Srl(1)	Commercial	—	1,140	—	754
M Group di Minopoli Pietro Sas(1)	Commercial	—	699	—	697
		—	20,119	—	17,010
Total		7	21,320	12	18,155

(1) It should be noted that the revenues generated by these counterparties are not included in table above as these proceeds, despite being collected by such counterparties, originate directly from the collection generated by the customers.

6. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Industrial and commercial equipment and hardware	Assets under lease	Vehicles	Other assets	Assets under construction and payments on account	Total
			(in thousand of Euro)					
Historical cost	884	1,872	39,408	8,199	47	1,820	198	52,428
Prior-year accumulated depreciation	(144)	(628)	(14,064)	(7,680)	(47)	(511)	—	(23,074)
Net book value as of December 31, 2012	**740**	**1,244**	**25,344**	**519**	**—**	**1,309**	**198**	**29,354**
Additions for the period	—	24	923	—	—	4	—	951
Disposals for the period	—	—	(25)	—	—	—	—	(25)
Depreciation for the period	(7)	(68)	(1,576)	(86)		(83)	—	(1,820)
Net book value as of March 31, 2013	**733**	**1,200**	**24,666**	**433**	**—**	**1,230**	**198**	**28,460**

Additions to property, plant and equipment mainly relate to the purchase of new VLT machines (Spielo type), related cash desks (Spielo type) and update of the hardware supporting the network of AWP machines (particularly related to GPS equipment). These investments are mainly driven by planned VLT roll out, increased capacity and the change of AWP network technology.

7. GOODWILL

	As of December 31, 2012	Increases	Amortisation	As of March 31, 2013
		(in thousand of Euro)		
Goodwill	21,471	51	(737)	20,785
	21,471	**51**	**(737)**	**20,785**

Goodwill includes:

- Euro 2,071 thousand, from the transfer of the business branch from “Citec-CRIGA”, holder of the concession until 2006 to Gamenet SpA.
- Euro 4,615 thousand, for the acquisition of 37 gaming halls on August 4, 2012;
- Euro 14,047 thousand, for the acquisition of Gamenet Arcades Srl on November 25, 2010;
- Euro 51 thousand for the purchase of an additional 10% investment in Gamenet Entertainment Srl on February 8, 2013.

The decrease of the goodwill over the period is due to the effect of the amortisation.

8. INTANGIBLE ASSETS

	Formation, start-up and similar costs	Research, development and marketing costs	Industrial patents	Concessions	Assets under construction and payments on account	Other intangible assets	Total
	(in thousand of Euro)						
Historical cost	7,553	1,074	1,645	133,529	118	7,913	151,832
Prior-year accumulated amortisation	(5,445)	(660)	(1,001)	(17,817)	—	(2,104)	(27,027)
Net book value as of as of December 31, 2012	**2,108**	**414**	**644**	**115,712**	**118**	**5,809**	**124,805**
Additions for the period	—	—	3	14	35	439	491
Disposals for the period	—	—	—	—	—	(1,037)	(1,037)
Amortisation for the period	(258)	(53)	(48)	(3,061)	—	(235)	(3,655)
Use of accumulated amortisation	—	—	—	—	—	9	9
Reclassification	—	—	—	—	(68)	68	—
Net book value as of March 31, 2013	**1,850**	**361**	**599**	**112,665**	**85**	**5,053**	**120,613**

In 2012 due to a new legislation, we were required to pay an one-off fee for each license declared to AAMS and for each new NOEs ("*certification costs*") for AWPs requested to AAMS starting from December 2012. A portion of the cost incurred was capitalised in intangible assets in 2012. In 2013 we re-charged a portion of such cost to the distribution network. Disposals for the period of Euro 1,037 thousand relates to the portion of the previously capitalized cost which we re-charged to the distribution network.

9. INVESTMENTS

Investments amount to Euro 277 thousand as of March 31, 2013, a decrease of Euro 883 thousand from Euro 1,160 thousand as of December 31, 2012. The decrease from December 31, 2012 is mainly related to the reclassification of the investment in CRIGA as a current financial asset considering the decision of the Company to dispose of it, subject to the market conditions.

10. FINANCIAL ASSETS

	As of December 31, 2012	Increases	Decreases	Reclassification	As of March 31, 2013
	(in thousand of Euro)				
Restricted cash	23,201	481	(12,274)	—	11,408
Bonds	1,260	—	—	—	1,260
Own shares	500	—	—	—	500
Other guarantee deposits	185	4	—	—	189
Certificate of deposit	63	—	—	—	63
Investment fund	—	53	—	—	53
Other investments	—	—	—	1,054	1,054
	25,209	**538**	**(12,274)**	**1,054**	**14,527**

Financial assets amount to Euro 14,527 thousand as of March 31, 2013, a decrease of Euro 10,682 thousand, from Euro 25,209 thousand, as of December 31, 2012. The decrease in financial assets is primarily related to cash which had been held in a restricted account by UniCredit from October 2012 whilst the re-negotiation of certain guarantees was in progress. The negotiation was completed in January 2013 and the restriction was released.

The reclassification from non-current assets of Euro 1,054 thousand, relates to the investment in CRIGA, following the decision taken by the Company to dispose of it, subject to the market conditions.

11. OTHER RECEIVABLES

	As of December 31, 2012	As of March 31, 2013
	(in thousand of Euro)	
AAMS guarantee deposits	31,740	39,999
Tax payments on account	12,319	12,319
Receivables from tax authorities for refund application	4,065	4,065
Receivables from CRIGA	3,635	3,648
Other prepaid expenses	2,380	2,835
Prepaid expenses for commission on guarantees	353	834
Other	2,161	2,485
	56,653	66,185

The AAMS guarantee deposits includes a portion equal to 0.5% of the bet on the devices connected to the telematic network. This deposit will be returned to the Company on the basis of the achievement of specific levels of service. Historically the Company complies with the levels of service requested by AAMS.

12. TRADE RECEIVABLES

	As of December 31, 2012	As of March 31, 2013
	(in thousand of Euro)	
PREU tax	53,739	49,755
Concessionaire's remuneration	10,568	10,712
Concession Fee	5,756	4,946
Guaranteed by formal commitments	5,210	5,176
Other receivables from distrubtion network	4,441	5,705
Penalties	1,738	1,799
Interest on delayed payment	1,413	1,234
Other	505	508
	83,370	79,835

The provision for doubtful trade receivables amounts to Euro 27,223 thousand as of March 31, 2013, an increase of Euro 1,190 thousand, from Euro 26,033 thousand as of December 31, 2012.

13. CASH AT BANKS

	As of December 31, 2012	As of March 31, 2013
	(in thousand of Euro)	
Bank deposits	2,862	9,018
Cash from direct gaming facilities	427	446
Cash on hand and cheques	21	14
	3,310	9,478

14. FINANCIAL LIABILITIES

	As of December 31, 2012	As of March 31, 2013
	(in thousand of Euro)	
Shareholder Loans		
Due to shareholders for loans	53,600	51,925
Due to shareholders for interest	6,417	7,461
	60,017	*59,386*
Bank borrowings		
Bank loans	73,928	63,767
Bank advances	—	5,000
Bank overdrafts	6,888	9,038
	80,816	**77,805**
Other financial liabilities		
Finance leases	83	23
Banca Italease mortgage	301	283
	384	306
Total	**141,217**	**137,497**

15. PROVISIONS FOR RISKS AND CHARGES

	As of December 31, 2012	Increases	Decreases	As of March 31, 2013
		(in thousand of Euro)		
Provision for other legal disputes	4,464	—	(316)	4,148
Provision for prior-year penalties and interest	2,509	—	—	2,509
Other provisions	2,332	197	—	2,529
	9,305	**197**	**(316)**	**9,186**

As of March 31, 2013 provisions for risks and charges relate to:

- Provision for other legal disputes mainly relating to restructuring provisions amounting to Euro 1,120 thousand and Euro 1,524 thousand for a provision for a tax refund;
- Provision for penalties and interest relating to estimated penalties due to AAMS for the delayed payment of the PREU tax for the years prior to 2011.
- Other provisions mainly relating to provision for penalties due to AAMS amounting to Euro 1,416 thousand for exceeding the number of gaming units per square meter established by AAMS.

With respect to the ongoing dispute with the State of Court of Auditors following the judgment no. 214 of February 17, 2012, there have been no significant changes to the position disclosed in the consolidated financial statements as of December 31, 2012.

Regarding the AAMS "fourth penalty", amounting to Euro 6.5 million, against which Gamenet SpA had appealed to the TAR (Regional Administrative Court), on June 19, 2013 the Company received the favourable resolution issued by TAR which annulled the penalty originally imposed.

16. MEMORANDUM ACCOUNTS

	As of December 31, 2012	As of March 31, 2013
	(in thousand of Euro)	
Guarantees issued by third parties		
—to AAMS for the former concession	57,217	24,000
—to AAMS for the renewed concession	—	53,119
—to AAMS for betting concession	5,677	5,677
—other guarantees	694	756
Guarantees given to third parties		
—to UniCredit	—	3,218
Guarantees received from third parties		
—from the distribution network	22,888	24,582

Guarantees issued by third parties

Guarantees provided to AAMS mainly relate to bank guarantees indemnifying AAMS in the event that we fail to adequately perform our gaming tax obligations under the concession. The decrease compared to December 31, 2012 mainly relates to the expiry of guarantees linked to the former concession. In May 2013, the amount of Euro 24,000 thousand which was still outstanding at March, 2013 was released. Most of the guarantees have been renewed as part of the new concession signed on March 20, 2013.

Other guarantees primarily relate to the guarantee provided relating to the lease of our headquarters and the guarantee provided relating to the payment of the mortgage obligations of Gamenet Arcades Srl.

Guarantees given to third parties

Guarantee issued by Gamenet SpA in favour of UniCredit relating to a counter-guarantee for the guarantee issued by Unicredit on behalf of Gamenet Scommesse SpA for the participation to the AAMS tenders.

Guarantees received from third parties

Guarantees issued from the distribution network in favour of Gamenet SpA in relation to the gurantees issued by UniCredit to AAMS.

17. REVENUES

	Three months ended March 31,	
	2012	2013
	(in thousand of Euro)	
Slot machine revenue	106,262	89,023
VLT revenue	42,449	49,359
Betting revenue	2,622	3,131
Online gaming	404	29
Other	1,270	1,930
	153,007	**143,472**

18. COST OF SERVICES

	Three months ended March 31,	
	2012	2013
	(in thousand of Euro)	
Distribution network compensation	(119,412)	(105,184)
Betting and online game winnings	(2,282)	(2,158)
Other	(4,064)	(4,371)
	(125,758)	(111,713)

19. OTHER OPERATING COSTS

	Three months ended March 31,	
	2012	2013
	(in thousand of Euro)	
Concession Fee	(4,578)	(4,987)
Fee on VLT platform licenses	(3,023)	(3,398)
Other	(993)	(1,271)
	(8,594)	(9,656)

20. PERSONNEL EXPENSES

	Three months ended March 31,	
	2012	2013
	(in thousand of Euro)	
Remuneration	(1,878)	(2,095)
Social security contributions	(477)	(580)
Employees' termination pay	(129)	(136)
Other	(1)	(14)
	(2,485)	(2,825)

21. ACCRUALS AND PROVISIONS

Accruals and provisions amount to Euro 1,709 thousand for the three months ended March 31, 2013, an increase of Euro 1,247 thousand from Euro 462 thousand for the three months ended March 31, 2012. Accrual and provisions primarily relate to accruals to the provision for doubtful receivables amounting to Euro 1,190 thousand for the three months ended March 31, 2013 and nil for the three months ended March 31, 2012.

22. DEPRECIATION, AMORTISATION AND IMPAIRMENTS

	Three months ended March 31,	
	2012	2013
	(in thousand of Euro)	
Amortisation of VLT concession fee	(2,666)	(2,798)
Amortisation of goodwill	(738)	(737)
Amortisation of other intangible assets	(435)	(857)
Depreciation of tangible assets	(1,351)	(1,734)
Depreciation of assets under lease	(165)	(86)
	(5,355)	(6,212)

23. NET FINANCE EXPENSE

	Three months ended March 31,	
	2012	2013
	(in thousand of Euro)	
Finance income		
Interest income charged to distribution network	131	115
Interest income on securities held as financial assets	12	10
Interest income on bank current accounts	12	58
Other interest income	111	11
	266	**194**
Finance expense		
Interest expense and bank commissions	(1,028)	(838)
Interest expense on shareholder loan	(981)	(1,043)
Commissions on sureties	(329)	(250)
Other interest expense	(478)	(447)
	(2,816)	**(2,578)**
Net finance expense	**(2,550)**	**(2,384)**

24. EXTRAORDINARY INCOME/(EXPENSE)

Extraordinary income amounts to Euro 50 thousand for the three months ended March 31, 2013, an increase of Euro 233 thousand, from an expense of Euro 183 thousand for the three months ended March 31, 2012. The following table sets forth an analysis of extraordinary income (expense) for the periods indicated.

	Three months ended March 31,	
	2012	2013
	(in thousand of Euro)	
Prior years adjustment	(221)	(155)
Personnel expense tax refund	—	142
Others	38	63
	(183)	50

25. INCOME TAX

	Three months ended March 31,	
	2012	2013
	(in thousand of Euro)	
Current	(5,078)	(4,436)
Deferred tax	1,222	318
	(3,856)	(4,118)

For the three months ended March 31, 2013 deferred tax assets is mainly due to the difference between the utilization of deferred tax assets for the 2012 employees bonus and partial utilization of the provisions for risks and charges accrued in 2012 and the accrual of 2013 deferred tax assets for the new employees bonus and provision for doubtful accounts.

26. SUBSEQUENT EVENTS

On April 12, 2013 Gamenet SpA purchased the residual 30% of shares held by Romagna Giochi SpA in Gamenet Entertainment Srl, for an amount of Euro 375 thousand. Consequently after the aforementioned operation Gamenet Group wholly owns Gamenet Entertainment Srl.

On May 30, 2013 in order to clarify some conditions to the transactions between CRIGA, Trilantic Capital Partners and Gamenet SpA as part of the preliminary agreement dated 5 October, 2012, the aforementioned partners signed the final agreement to settle outstanding disputes.

On June 4, 2013 Gamenet SpA signed a preliminary agreement with Romagna Giochi SpA to purchase 65 additional gaming halls. Such transaction is expected to be completed by the end of July 2013.

AUDITORS' REPORT

To the Board of Directors of
Gamenet SpA

1 We have audited the consolidated financial statements of Gamenet SpA (the "Company") and its subsidiaries (the "Gamenet Group") as of and for the years ended 31 December 2012 and 2011 (the "Consolidated Financial Statements"). The directors of the Company are responsible for the preparation of these financial statements in compliance with the accounting principles promulgated by O.I.C.—*Organismo Italiano di Contabilità, the Italian Accountancy Body* ("**Italian GAAP**"). Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

The Consolidated Financial Statements have been prepared for inclusion in the offering memorandum prepared in connection with the Company's issuance of senior secured notes (i) to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act ("**Rule 144A**") in reliance on Rule 144A and (ii) to non-US persons outside the United States in offshore transactions in reliance on Regulation S. Application will be made to list the notes on the official list of the Luxembourg Stock Exchange for trading on the Euro MTF Market. In addition, application will be made to Borsa Italiana S.p.A. for listing of the notes on the ExtraMOT, Professional Segment.

2 We conducted our audit in accordance with the auditing standards issued by the Italian Accounting Profession (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*) and recommended by Consob, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain the necessary assurance about whether the consolidated financial statements are free of material misstatement and, taken as a whole, are presented fairly. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors. We believe that our audit provides a reasonable basis for our opinion.

3 In our opinion, the consolidated financial statements of the Gamenet Group as of and for the years ended 31 December 2012 and 2011 comply with Italian GAAP; accordingly, they have been prepared clearly and give a true and fair view of the financial position and result of operations of the Gamenet Group.

4 We draw your attention to the information provided by the directors in the notes to the consolidated financial statements regarding the ongoing dispute with the State Court of Auditors and AAMS (Independent Administration of State Monopolies). In relation to this, in February 2012 the Lazio Regional Section of the State Court of Auditors, with a judgement of first instance, condemned the Company—and to a different extent also all the other Concessionaires—to pay any damage to the Treasury. The Company has appealed against this judgement and is waiting for the hearing on the merits. In the notes to the consolidated financial statements the directors have discussed the grounds for which, also supported by their legal advisors, they did not deem appropriate to accrue any provision.

Rome, 17 July 2013

PricewaterhouseCoopers SpA

/s/ Luciano Festa

Luciano Festa
(Partner)

GAMENET SPA
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2011 and 2012

		As of December 31,	
		2011	2012
		(in thousand of Euro)	
Assets			
Property, plant and equipment	note 6	19,730	29,354
Goodwill	note 7	18,500	21,471
Intangible assets	note 7	128,596	124,805
Investments	note 8	1,068	1,160
Deferred tax assets	note 9	5,391	8,875
Non-current financial assets	note 10	8,830	12,428
Other non-current receivables	note 12	25	4,065
Non-current trade receivables	note 13	22,988	5,695
Total non-current assets		**205,128**	**207,853**
Deferred tax assets	note 9	852	1,686
Inventories	note 11	—	23
Trade receivables	note 13	42,919	51,642
Current financial assets	note 10	227	12,781
Other current receivables	note 12	44,920	52,588
Cash at banks	note 14	1,042	3,310
Total current assets		**89,960**	**122,030**
Total assets		**295,088**	**329,883**

GAMENET SPA
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2011 and 2012

		As of December 31, 2011	As of December 31, 2012
		(in thousand of Euro)	
Shareholders' Equity	note 15		
Share capital		2,520	2,520
Legal reserve		240	504
Share premium reserve		23,125	23,125
Other reserves		5,865	5,865
Retained losses		(27,326)	(14,180)
Net income for the year		13,410	21,757
Total shareholders' equity attributable to the Group		**17,834**	**39,591**
Share capital of minority interest		—	500
Loss for the year attributable to minority interest		—	(206)
Total shareholders' equity attributable to minority interest		**—**	**294**
Total shareholder's equity		**17,834**	**39,885**
Liabilities			
Non-current financial liabilities	note 16	110,306	101,390
Employee benefit liability	note 17	773	1,126
Deferred tax liabilities	note 19	217	137
Provisions for risks and charges	note 18	5,526	9,305
Trade payables	note 20	3,084	1,256
Tax payable	note 21	11,519	3,704
Other non-current liabilities	note 22	27,189	25,816
Total non-current liabilities		**158,614**	**142,734**
Current financial liabilities	note 16	12,010	39,827
Trade payables	note 20	23,677	20,513
Other current liabilities	note 22	22,056	21,107
Tax payable	note 21	60,897	65,817
Total current liabilities		**118,640**	**147,264**
Total liabilities		**277,254**	**289,998**
Total liabilities and shareholders' equity		**295,088**	**329,883**

Memorandum accounts

	As of December 31, 2011	As of December 31, 2012
	(in thousand of Euro)	
Guarantees issued by third parties		
—to AAMS for the concession	51,000	57,217
—to AAMS for betting concession	2,520	5,677
—other guarantees	694	694
Guarantees received from third parties		
—from distribution network	32,725	22,888

GAMENET SPA
CONSOLIDATED INCOME STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2012

		For the year ended December 31,	
		2011	2012
		(in thousand of Euro)	
Revenues	note 24	625,345	643,642
Other income	note 24	5,514	6,765
Total revenues and income		**630,859**	**650,407**
Cost of services	note 25	(534,755)	(521,332)
Other operating costs	note 26	(29,437)	(37,050)
Personnel expenses	note 27	(7,816)	(9,866)
Accruals and provisions	note 28	(4,172)	(8,241)
Purchases of materials, consumables and merchandise	note 29	(79)	(245)
Depreciation, amortisation and impairments	note 30	(15,376)	(21,316)
Operating profit		**39,224**	**52,357**
Finance income	note 31	2,200	1,060
Finance expenses	note 32	(11,981)	(10,726)
Impairment of financial assets	note 33	(134)	(31)
Extraordinary expense, net	note 34	(5,981)	(6,807)
Profit before tax		**23,328**	**35,853**
Income taxes	note 35	(9,918)	(14,302)
Net income for the year		**13,410**	**21,551**
Attributable to minority interest		—	*(206)*
Attributable to the Group		*13,410*	*21,757*

GAMENET SPA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 and 2012

Description	Share Capital	Legal Reserve	Share Premium Reserve	Other reserves	Retained losses	Total Group Equity	Non Controlling Interest Equity	Non-Controlling Interest Loss	Total Consolidated Equity
					(in thousand of Euro)				
Balance as of December 31, 2010	2,520	240	23,625	5,365	(27,326)	4,424	—	—	4,424
Own shares purchase	—	—	(500)	500	—	—	—	—	—
Net income for the year	—	—	—	—	13,410	13,410	—	—	13,410
Balance as of December 31, 2011	2,520	240	23,125	5,865	(13,916)	17,834	—	—	17,834
Transfer to legal reserve	—	264	—	—	(264)	—	—	—	—
Establishment of Gamenet Entertainment Srl	—	—	—	—	—	—	500	—	500
Net income for the year	—	—	—	—	21,757	21,757	—	(206)	21,551
Balance as of December 31, 2012	2,520	504	23,125	5,865	7,577	39,591	500	(206)	39,885

GAMENET SPA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	For year ended December 31, 2011	For year ended December 31, 2012
	(in thousand of Euro)	
Net income for the year	**13,410**	**21,551**
Adjustments to reconcile the income (loss) for the period to the cash flow from (used in) operating activities:		
Amortisation, depreciation and impairments	15,376	21,316
Write-downs/write-backs (including equity investments)	85	—
Change in provisions for risks and losses	2,876	3,700
Change in Employees' termination pay	148	354
Net change in deferred tax assets	(3,330)	(4,318)
Impairment of receivables	42	1,356
Adjustment accrued interest	2,287	3,934
Change in net working capital	(26,991)	(14,719)
Cash flows from (used in) operating activities (A)	**3,903**	**33,174**
Cash flow from investing activities		
Investments net, in property, plant and equipment	(18,452)	(14,642)
Investments net, in intangible assets	(242)	(6,729)
Cash used for acquisition	—	(8,748)
Acquisition of equity investments	(1,054)	(92)
Change in receivables and other financial assets	(355)	(16,163)
Cash flows from (used in) investing activities (B)	**(20,103)**	**(46,374)**
Cash flow from financing activities		
Net change in financial liabilities	14,964	14,968
Increases/repayments of capital, net of formation and start-up costs	(500)	500
Cash flows from (used in) financing activities (C)	**14,464**	**15,468**
Total cash flows (D = A + B + C)	**(1,736)**	**2,268**
Cash at banks at the beginning of the period (E)	**2,778**	**1,042**
Cash at banks at the end of the period (F = D + E)	**1,042**	**3,310**

GAMENET SPA
Notes to the consolidated financial statements
As of and for the years ended December 31, 2011 and 2012

GAMENET S.p.A.

Registered office: Corso d'Italia 6—00198 ROME (RM)

Share capital: Euro 2,520,000.00

(fully paid-up)

Tax code 09160031002

Registered with the Administrative Economic Register of Rome—no. 1143814

1. GENERAL INFORMATION

Gamenet SpA (the "Company" and together with its subsidiaries the "Group") operates in the Italian gaming industry. The Group is a concessionaire for i) the creation and management of the online network to manage legal public games by AWP and VLT machines, the concession for which has been renewed for nine years on March 20, 2013; ii) betting operations through the activation and management of the distribution network and iii) on-line gaming operations. Furthermore, Gamenet SpA directly manages through one of its subsidiaries small-medium size gaming halls.

The registered office of the Company is Corso d'Italia 6, Rome, Italy.

2. BASIS OF PREPARATION

These special purposes financial statements (the "**Consolidated Financial Statements**") have been prepared for inclusion in the offering memorandum to be prepared in connection with the Company's issuance of senior secured notes i) to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act ("**Rule 144A**") in reliance on Rule 144A and (ii) to non-US persons outside the United States in offshore transactions in reliance on Regulation S. Application will be made to list the notes on the official list of the Luxembourg Stock Exchange for trading on the Euro MTF Market upon their issuance. In addition, application will be made to Borsa Italiana S.p.A. for listing of the notes on the ExtraMOT, Professional Segment upon their issuance.

The Consolidated Financial Statements have been prepared based on the consolidated financial statements of the Company as of and for each of the years ended December 31, 2012 and 2011, which were approved by the Board of Directors on May 3, 2012 and on March 19, 2013, respectively. In particular, the Consolidated Financial Statements have been prepared in order to reclassify the income statement and balance sheet into international format as permitted by the accounting principles promulgated by O.I.C.—*Organismo Italiano di Contabilità, the Italian Accountancy Body* ("**Italian GAAP**"). No changes have been made to the relevant figures previously reported in the income statement and balance sheets of the December 31, 2012 consolidated financial statements. The Consolidated Financial Statements were approved by the Company's Board of Directors on July 8, 2013.

The Consolidated Financial Statements have been prepared in accordance with Italian GAAP.

The Consolidated Financial Statements have been prepared on the basis of the statutory financial statements approved by the Board of Directors of the entities included in the consolidation area, adjusted, where necessary, to bring them into line with homogenous accounting principles.

Since 2011, the Company has opted for tax consolidation for the period 2011-2013. The consolidating Company is Gamenet SpA, while the consolidated companies are Gamenet Scommesse SpA and Gamenet Arcades Srl, both wholly owned.

On July 4, 2012, PricewaterhouseCoopers SpA was appointed to perform the statutory audit for the three-year period 2012-2014 as set forth in Articles 2409 bis of the Italian Civil Code and Art. 14 of Legislative Decree 39/10.

3. CONSOLIDATION AREA

The Consolidated Financial Statements include the financial statements of:

—Gamenet SpA based in Rome, Corso d'Italia 6 with a share capital of Euro 2,520,000—Tax code 09160031002;

—Gamenet Scommesse SpA, wholly owned company, based in Rome, Corso d'Italia 6 with a share capital of Euro 120,000—Tax code 09339001001;

—Gamenet Arcades Srl, wholly owned company, based in Rome, Corso d'Italia 6 with a share capital of Euro 110,000—Tax code 09019531002;

—Gamenet Entertainment Srl, owned at 60%, based in Rome, Corso d'Italia 6 with a share capital of Euro 1,250,000—Tax code 11818431006.

The financial statements of the above subsidiaries have been consolidated on a line-by-line basis.

The consolidation area also includes Gamenet Entertainment Srl, which was established on March 2, 2012.

It should be noted that the Group has an interest in the following entities:

2012:

—70% shareholding in Eurispea Srl;

—12% shareholding in CRIGA Scarl;

—51% shareholding in Verve SpA;

2011:

—70% shareholding in Eurispea Srl;

—12% shareholding in CRIGA Scarl;

—95% shareholding in Fondazione Unigioco.

The above entities have not been consolidated as they are not considered material.

All the Group financial statements are prepared with a financial year end of December 31.

Basis of consolidation

The principles of consolidation adopted are as follows:

—receivables and payables booked between companies included in the consolidation area have been eliminated;

—the book value of the investment is eliminated against the corresponding net equity. The resulting difference if positive is recorded as "goodwill" and amortized over the duration of the concession while if negative is booked as a provision for future risks and charges or within equity reserves.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Financial Statements have been prepared in accordance with the general criteria of prudence and on an accrual and going concern basis. In the preparation of the Consolidated Financial Statements, the economic substance of the assets or liabilities is considered.

All income and expenses have been recorded on an accrual basis, regardless of the date of collection or payment, except for the so-called "quota restriction", which has been recalculated in accordance with the applicable regulations and recorded on a cash basis.

The application of the principle of prudence requires each asset and liability item to be measured on an individual basis so as to highlight impairments of value and not to recognise unrealised profits.

These explanatory notes take into account the economic function of each single component of the assets and liabilities considered, using the principle of substance over form—where not expressly in contrast with other specific regulations on the Consolidated Financial Statements.

AAMS announced on October 14, 2011 that the PREU (unified state tax on gaming proceeds) tax rate for 2012 is equal to 11.8% for the AWP segment and to 4.0% for the VLT segment.

DEPARTURES

There are no departures from the above described accounting criteria.

INTANGIBLE ASSETS

Intangible assets are stated at their historical cost net of the accumulated amortisation and the amortisation charged during the year.

The carrying amount includes any related auxiliary charges and, in particular, the non-deductible VAT on purchases.

The capitalised costs relating to the management of the IT network for the "Legal Gaming" concession have been historically capitalised and amortised on the basis of the residual duration of the original concession.

The costs sustained to obtain the licenses for the installation of the "Video Lottery Terminals" (VLT) and the related financing have been capitalized and amortised as a cost to income statement over the duration of the concession renewal based on the number of VLTs that became operational during the year.

The amortisation rates of the Group's intangible assets are as follows:

2012 Amortisation rates

	Range	
Goodwill	10%	—
Concessions	9.68%	20%
Industrial patent rights	20%	33.33%
Formation, start up costs	10.62%	20%
Research costs	20%	—
Other intangible assets	9.68%	100%

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at their historical cost less accumulated depreciation and depreciation charged during the year.

The carrying amount includes any related auxiliary charges and, in particular, the non-deductible VAT on purchases.

Assets acquired under finance lease contracts are accounted for in accordance with International Accounting Standard no. 17.

The tangible assets, consisting of the hardware on the IT network to manage the original "Legal Gaming" Concession, have been depreciated over the remaining duration of the concession.

Other tangible assets are depreciated over their estimated useful life.

The depreciation rates applied are the following:

2012 Depreciation rates

	Range	
Plant	15%	20%
Hardware	10.90%	100%
Vehicles	20%	—
Other assets	20%	—

FINANCIAL FIXED ASSETS

The equity investments in Eurispea Srl, Verve Spa and CRIGA Scarl, are stated at their purchase or subscription cost.

SECURITIES

Financial fixed assets include investment securities relating to Unicredit convertible bonds placed as collateral for a guarantee issued by Unicredit Corporate Banking in favour of AAMS in accordance with the relevant concession provisions. The bonds are held in the company's portfolio until maturity and are recorded at purchase cost. The purchase cost approximates the estimated market value.

RECEIVABLES

Receivables are recorded at their estimated realisable value. Where applicable, the nominal value of the receivable is written down to estimated realisable value through the provision for doubtful receivables.

CASH AT BANKS

Cash at banks are stated at nominal value.

PAYABLES

Payables are recognised at their nominal value.

ACCRUALS AND DEFERRALS

Accruals and deferrals are recorded on an accrual basis.

EMPLOYEES' TERMINATION PAY (TFR)

TFR represents the liability accrued in favour of employees in accordance with current legislation and employment contracts, taking into consideration any type of remuneration having a permanent nature.

The provision includes all the indemnities accrued in favour of employees at year-end, net of advances granted, and is equal to the portion that should be payable to employees, in case the employment relationship is terminated at the balance sheet date.

PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charged are accrued to cover known or probable losses or liabilities, whose amounts or settlement dates are uncertain at year-end.

INCOME TAXES

Taxes are allocated on an accruals basis and include:

➤ provisions for taxes paid or to be paid for the period, determined according to current rates and rules;

➤ the amount of deferred tax assets or liabilities in relation to temporary differences arising or reversed in the year.

Deferred tax assets and liabilities are accounted for taking into account any changes in the tax rates introduced by the financial legislation.

The provision for taxes has been set aside on the basis of the best possible valuation method available and according to the general principles of prudence.

RECOGNITION OF REVENUES AND COSTS

Revenues are recognised upon the rendering of the service.

Financial income and revenues from services are recognised on an accrual basis.

Costs for purchase of goods and products are recognised upon the acquisition of ownership, which coincides with the receipt of the goods.

Costs for purchase of services and financial costs are recognized on an accrual basis. With regard to the VAT on the purchase costs of goods and services, it should be specified that due to the specific features of the corporate activities, the non-deductible pro-rata quota of the Group is almost equal to 100% and consequently costs are recorded gross of VAT.

GUARANTEES, COMMITMENTS, THIRD PARTY ASSETS AND RISKS

Commitments and guarantees are shown in the memorandum accounts at their contract value.

The risks relative to guarantees given (personal or collateral) for third parties' debts are shown under memorandum accounts for an amount equal to the guarantee provided.

The risks for which the occurrence of a liability is probable are described in the explanatory notes and accrued as appropriate in the provisions for risks.

The guarantees received from third parties for commitments towards the Company, if not already recorded in the balance sheet, are shown under memorandum accounts for an amount equal to the nominal value of the guarantee received.

5. OTHER INFORMATION

Employment data

The following table sets forth information regarding our number of employees by category:

2012:

	As of December 31, 2011	Increase	Decrease	As of December 31, 2012	Average 2012
Executives	4	6	—	10	7
Middle managers	23	9	(1)	31	27
Office workers	103	41	(18)	126	125
	130	**56**	**(19)**	**167**	**159**

2011:

	As of December 31, 2010	Increase	Decrease	As of December 31, 2011	Average 2011
Executives	4	3	(3)	4	6
Middle managers	15	11	(2)	23	14
Office workers	83	35	(16)	103	89
	102	**49**	**(21)**	**130**	**109**

Capitalisation of financial charges

In 2009 and 2010, the interest and charges relating to the loan granted by Unicredit Corporate Banking to obtain the licenses for the installation of VLTs have been capitalised. The amortisation of the interest and charges capitalized commenced when the VLT operations started in November 2010.

Emoluments and fees

The fees due to the Directors and the members of the Board of Statutory Auditors are summarised below:

Directors and Statutory Auditors

2012:

	Gamenet	Gamenet Scommesse	Verve	Eurispea	Gamenet Entertainment
	(in thousand of Euro)				
Board of Directors	723	—	—	35	—
Board of Statutory Auditors	132	44	27	—	8
	855	44	27	35	8

2011:

	Gamenet	Gamenet Scommesse
	(in thousand of Euro)	
Board of Directors	1,174	—
Board of Statutory Auditors	75	13
	1,249	13

Previous revaluations, amortisation/depreciation and write-downs

No revaluation of assets has been recorded during 2012, 2011 or any of the previous financial years.

Reconciliation with the financial statements of consolidated companies

	2012		2011	
Description	**Net income (loss)**	**Equity**	**Net income (loss)**	**Equity**
	(in thousand of Euro)			
Equity and net income as per statutory accounts of Gamenet SpA	22,359	43,319	14,536	20,960
Amortisation of consolidation difference	(1,546)	(3,580)	(1,700)	(2,034)
Elimination of the carrying amount of investments in consolidated companies	(2,162)	(8,500)	(2,548)	(6,339)
Elimination of effects of consolidation transactions	3,106	8,352	3,122	5,247
Equity and net income of the Group	21,757	39,591	13,410	17,834
Equity and net income attributable to minority interests	(206)	294	—	—
Consolidated equity and net income	**21,551**	**39,885**	**13,410**	**17,834**

6. PROPERTY, PLANT AND EQUIPMENT

The following table sets forth the movements in property, plant and equipment for the relevant periods:

	Buildings	Plant and machinery	Industrial and commercial equipment and hardware	Assets under lease	Vehicles	Other assets	Assets under construction and payments on account	Total
	(in thousand of Euro)							
As at December 31, 2011								
Historical cost	884	706	10,409	8,199	47	968	—	**21,213**
Prior-year accumulated depreciation	(91)	(274)	(2,997)	(6,038)	(36)	(276)	—	**(9,712)**
Additions for the year	—	152	18,273	—	—	27	—	**18,452**
Disposals for the year and other movements	—	—	(3,685)	—	—	(197)	—	**(3,882)**
Depreciation for the year	(27)	(138)	(4,728)	(997)	(7)	(134)	—	**(6,031)**
Write-downs for the year	—	—	(276)	—	—	(100)	—	**(376)**
Use of accumulated depreciation	—	—	1	—	—	65	—	**66**
Net book value as of December 31, 2011	**766**	**446**	**16,997**	**1,164**	**4**	**353**		**19,730**
Additions for the year	—	1,014	14,687	—	—	1,122	198	**17,021**
Disposals for the year	—	—	—	—	16	—	—	**16**
Depreciation for the year	(26)	(216)	(6,340)	(645)	(4)	(166)	—	**(7,397)**
Write-downs for the year	—	—	—	—	(16)	—	—	**(16)**
Net book value as of December 31, 2012	**740**	**1,244**	**25,344**	**519**	**—**	**1,309**	**198**	**29,354**

The acquisitions of plant and machinery and other assets mainly refer to the purchases of business branches carried out by Gamenet Entertainment, with effect from 3 August 2012.

Acquisitions of industrial and commercial equipment, for both 2011 and 2012, relate to the purchase of hardware and, in particular, are mainly attributable to the purchase of VLT equipment, the purchase of cash desks and other IT equipment for VLT gaming facilities as well as the purchase and adaptation of new technology PDA (georeferencing). The disposals of industrial and commercial equipment in 2011, mainly related to the change of the valuation method on VLTs based on the supply agreement of such machines (their cost is proportional to the revenues they generate).

“Buildings” refers to the property for residential use located in Rome, Viale Liegi acquired through the transfer from CRIGA Scarl to Gamenet Arcades Ltd.

7. INTANGIBLE ASSETS AND GOODWILL

The following table sets forth the movements in goodwill for the relevant periods:

	As of December 31, 2011	Increases	Decrease	As of December 31, 2012
	(in thousand of Euro)			
Goodwill	18,500	5,313	(2,342)	21,471
	18,500	**5,313**	**(2,342)**	**21,471**

Goodwill includes:

– Euro 2,160 thousand, from the transfer of the business branch from “Citec-CRIGA”, holder of the concession until 2006 to Gamenet SpA;

– Euro 4,878 thousand, for the acquisition of 37 gaming halls on August 4, 2012;

– Euro 14,433 thousand, for the acquisition of Gamenet Arcades Srl on November 25, 2010.

The following table sets forth the movements in intangible assets for the relevant periods:

	Formation, start-up and similar costs	Research, development and marketing costs	Industrial patents Rights	Concessions	Assets under construction and payments on account	Other intangible assets	Total
				(in thousand of Euro)			
As at December 31, 2011							
Historical cost	7,163	1,074	888	133,122	—	1,970	**144,217**
Prior-year accumulated amortisation	(2,707)	(230)	(564)	(3,989)	—	(1,505)	**(8,995)**
Additions for the year	—	—	29	219	—	317	**565**
Disposals for the year	(4)	—	—	(230)	—	(275)	**(509)**
Amortisation for the year	(1,411)	(215)	(181)	(4,725)	—	(319)	**(6,851)**
Write-downs for the year	(1)	—	(3)	—	—	(39)	**(43)**
Use of accumulated amortisation	3	—	—	—	—	209	**212**
Net book value as of December 31, 2011	**3,043**	**629**	**169**	**124,397**	**—**	**358**	**128,596**
Additions for the year	394	—	729	418	118	6,139	**7,798**
Disposals for the year	—	—	—	—	—	(199)	**(199)**
Amortisation for the year	(1,329)	(215)	(254)	(9,103)	—	(659)	**(11,560)**
Use of accumulated amortisation	—	—	—	—	—	170	**170**
Net book value as of December 31, 2012	**2,108**	**414**	**644**	**115,712**	**118**	**5,809**	**124,805**

"Formation start-up and similar costs" includes the residual portion of costs still to be amortised relating to costs for advisory and notary fees, incurred in relation to the capital increase in 2010, as well as the residual portion to be amortised relating to the settlement agreements of 2009.

Additions for 2012 represent the expenses incurred for the acquisition of business branches, including notary fees, the advisory expenses for the incorporation of Gamenet Entertainment and, to a lesser extent, Verve SpA.

"Research, development and marketing costs" refer to advertising contracts including TV contracts, for the launch of the "All-in" trademark linked to the Texas Hold'em Poker.

The increase in "Industrial patent rights" is attributable to the purchase of licenses of some software used internally by the Company.

The costs relating to concessions refer to the acquisition of the VLT licenses, of which the company was awarded 7,805 rights in 2010. In September 2011, the company participated in a tender for the renewal of the concession of the online gaming network for the "Comma 6A" and "Comma 6B" machines and was temporarily declared successful tenderer. The concession was renewed on March 20, 2013 for nine years.

Additions to "Concessions" mainly refer to the costs for the subscription of the new Online Gaming Concession for the duration of 9 years.

The additions in other assets refer to the renovation works for the new headquarters of the company located in Rome, Corso d'Italia, 6 and costs of Euro 100 per AWP device, incurred for the issuance of the concession. This cost represents the portion of cost we sustained in order to strengthen commercial relationships with the supply chain.

The item "Assets under construction and payments on account" includes the costs sustained for an IT project linked to AWP reading, which is expected to complete in 2013.

8. INVESTMENTS

Investments amounted to Euro 1,160 thousand as at December 31, 2012 (compared to Euro 1,068 thousand as at December 31, 2011).

As of December 31, 2012 the balance is as follows:

—Eurispea S.r.l. Euro 14,000 (share capital: Euro 20,000);

—Verve S.p.A. Euro 91,800 (share capital: Euro 180,000);

—CRIGA Scarl Euro 1,053,884 (share capital: Euro 7,000,000).

9. DEFERRED TAX ASSETS

The following table sets forth the breakdown of deferred tax assets for the relevant periods:

	As of December 31, 2011		As of December 31, 2012	
	Current	Non-current	Current	Non-current
	(in thousand of Euro)			
Deferred tax assets	852	5,391	1,686	8,875
	852	5,391	1,686	8,875

Deferred tax assets represents the temporary differences between the carrying amounts of assets and liabilities reported in the statutory financial statements and their amounts as measured for tax purposes.

10. FINANCIAL ASSETS

The following table sets forth the movement of financial assets for the relevant periods:

	As of December 31, 2011	Increases	Decreases	As of December 31, 2012
	(in thousand of Euro)			
Restricted cash	6,650	16,693	(142)	23,201
Bonds	1,680	—	(420)	1,260
Own shares	500	—	—	500
Other guarantee deposits	227	177	(219)	185
Certificate of deposit	—	63	—	63
	9,057	16,933	(781)	25,209

The following table sets forth a breakdown of financial assets into current and non-current portion for the relevant periods:

	As of December 31, 2011		As of December 31, 2012	
	Current	Non-current	Current	Non-current
	(in thousand of Euro)			
Restricted cash	—	6,650	12,781	10,420
Bonds	—	1,680	—	1,260
Own shares	—	500	—	500
Other guarantee deposits	227	—	—	185
Certificate of deposit	—	—	—	63
	227	8,830	12,781	12,428

The increase in “Restricted cash” reflects the amounts pledged with Unicredit during the year.

Own shares were purchased in 2011 and consist of no. 45,000 shares (which include both A type and B type shares) for an amount of Euro 500,000 (unit value of Euro 11.11).

11. INVENTORIES

Inventories amounted to Euro 23 thousand as at December 31, 2012 (nil as at December 31, 2011) and mainly related to the stocks of the bars located inside the gaming facilities of Gamenet Entertainment Srl.

12. OTHER RECEIVABLES

The following table sets forth a breakdown of other receivables for the relevant periods:

	As of December 31,	
	2011	2012
	(in thousand of Euro)	
AAMS guarantee deposits	27,827	31,740
Tax payments on accounts	5,202	12,319
Receivables from tax authorities for refund application	4,065	4,065
Receivables from CRIGA	3,021	3,635
Other prepaid expenses	2,287	2,380
Prepaid expenses for commission on guarantees	1,119	353
Other	1,424	2,161
	44,945	56,653

“AAMS guarantee deposits” includes a portion equal to 0.5% of the amounts bet on the devices connected to the online gaming network. This deposit will be returned on the basis of the achievement of specific levels of service set by the AAMS.

Non-current other receivables amount to Euro 4,065 thousand as of both December 31, 2012 and December 31, 2011 and relate to “Receivables from tax authorities for refund application”. The receivable relates to a request for repayment of tax from the loss on the sale of certain receivables. The loss was previously recorded in 2010 but had not been treated as tax deductible. A provision amounting to 10% of the refund requested has also been accrued.

13. TRADE RECEIVABLES

The following table sets forth a breakdown of trade receivables for the relevant periods:

	As of December 31, 2011	As of December 31, 2012
	(in thousand of Euro)	
Distribution network receivables:		
PREU tax	52,276	53,739
Concessionaire's remuneration	7,535	10,568
Guaranteed by formal commitments	9,977	5,210
Concession Fee	5,168	5,756
Other receivables from distribution network	1,912	4,441
Penalties	2,000	1,738
Interest on delayed payment	1,809	1,413
Other	1,021	505
	81,698	**83,370**
Provision for doubtful accounts:		
Receivables from Gamenet bets/wagers collection	(15,600)	(25,800)
Receivables from Gamenet Arcades customers	—	(58)
Receivables from Gamenet Scommesse bets/wagers collection	(191)	(175)
	65,907	**57,337**

Distribution network receivables include all the receivables relating to both financial items arising from the collection activity (mainly Preu tax, Concession Fee, interest on delayed payment, amounts due from the Concessionaire) and commercial items (activation service). The item "Concessionaire's remuneration" includes, among other things, the amount due from Adria Gaming, which is offset by a payable to the same entity for services rendered and classified under trade payables. This item also includes the receivable for the guaranteed minimum remuneration for the year 2012, as well as receivables for the gaming facility service fee.

"Other receivables from distribution network" mainly includes the amounts to be claimed, at the balance sheet date, related to the jackpot accrued and not paid, and the tickets pending validation by the gaming facilities. In 2012 this balance also includes the receivables from the distribution network for the recovery of operating permits (NOE, *nullaosta d'esercizio*) as well as receivables for penalties due to contract cancellation.

The movement in the provision for doubtful receivables is as follows:

2012:

	As of December 31, 2011	Increases	Decreases	As of December 31, 2012
		(in thousand of Euro)		
Provision for doubtful receivables—Gamenet bets/wagers collection	15,600	10,200	—	25,800
Provision for doubtful receivables—Gamenet Arcades customers	—	58	—	58
Provision for doubtful receivables—Gamenet Scommesse bets/wagers collection	191	31	(47)	175
Provision for doubtful receivables	**15,791**	**10,289**	**(47)**	**26,033**

2011:

	As of December 31, 2010	Increases	Decreases	As of December 31, 2011
		(in thousand of Euro)		
Provision for doubtful receivables—Gamenet bets/wagers collection	8,739	8,413	(1,552)	15,600
Provision for doubtful receivables—Gamenet Scommesse bets/wagers collection	141	50	—	191
Provision for doubtful receivables	**8,880**	**8,463**	**(1,552)**	**15,791**

The "Provision for doubtful receivables" until December 31, 2011 was considered appropriate also in consideration of the agreement between the shareholders, signed on November 30, 2010, according to which CRIGA Scarl agreed to purchase non-recourse receivables outstanding as of October 31, 2010, exceeding an amount of Euro 15 million, and not yet settled at the end of the fourth year following November 30, 2010. In addition, by virtue of this guarantee and for the losses deriving from the receivables related to the agreement referred to above, a receivable from CRIGA was recorded in 2011 for Euro 2,952,209.

In October 2012, an agreement was signed among the shareholders TCP Lux Eurinvest S.à r.l., CRIGA and Gamenet, pursuant to which the above mentioned guarantee was no longer provided. This agreement at December 31, 2012 was subject to a condition precedent pending authorization by Unicredit. However, it was considered appropriate to reflect the impact on this agreement. Therefore, a further provision was recorded to reflect the new estimated realisable value of the receivables.

14. CASH AT BANKS

The following table sets forth a breakdown of cash at banks for the relevant periods:

	As of December 31, 2011	As of December 31, 2012
	(in thousand of Euro)	
Bank deposits	1,030	2,862
Cash from direct gaming facilities	—	427
Cash on hand and cheques	12	21
	1,042	**3,310**

15. SHAREHOLDERS' EQUITY

For the movements in shareholders equity see "Consolidated Statement of Changes in Equity".

It should be noted that following the resolution of the Shareholders' Meeting of Gamenet Spa of November 22,2012 to buy 200,000 A type shares for a total of Euro 4 million, the net equity reserves were reclassified in accordance with the same resolution, even if the purchase of own shares had not occurred yet at the date of the financial statements.

16. FINANCIAL LIABILITIES

The following table sets forth a breakdown of financial liabilities for the relevant periods:

	As of December 31,	
	2011	2012
	(in thousand of Euro)	
Shareholder Loans		
Due to shareholders for loans	50,000	53,600
Due to shareholders for interest	2,484	6,417
	52,484	*60,017*
Bank borrowings		
Bank loans	57,522	73,928
Bank advances	10,965	—
Bank overdrafts	480	6,888
	68,967	*80,816*
Other financial liabilities		
Finance leases	500	83
Banca Italease mortgage	365	301
	865	*384*
	122,316	**141,217**

The table below presents the group's financial liabilities considering the Current and Non-current portion:

	December 31, 2011		December 31, 2012	
	Current	Non-current	Current	Non-current
	(in thousand of Euro)			
Shareholder loans	—	52,484	—	60,017
Bank borrowings	11,445	57,522	39,676	41,140
Other financial liabilities	565	300	151	233
	12,010	**110,306**	**39,827**	**101,390**

Shareholder loans

The controlling shareholder TCP LUX Eurinvest S.à r.l., entered into loan agreements on November 30, 2010 and December 23 2011, with Gamenet SpA, for amounts of Euro 30 million and Euro 20 million, respectively. The contracts provide for the loans to be repaid in one single instalment in November 2017 or at an earlier date upon the occurrence of specific conditions.

The above loans are interest-bearing, at normal market conditions. The contract allows for the interest to be capitalized.

Movements in "Shareholders Loans" represents the portion of financing to Gamenet Entertainment provided by the minority shareholder Romagna Giochi. This loan is interest-free.

Bank Borrowings

"Bank loans" includes the liability relating to the loan obtained from Unicredit Corporate Banking, for the award of licenses for the installation of VLTs and the start-ups thereof. The loan is in the form of an overdraft facility and is supported by guarantees.

Other financial liabilities

Other financial liabilities mainly relate to a mortgage for a property located in Viale Liegi Rome (Italy) acquired from CRIGA. The mortgage is for a duration of ten years, maturing in April 2017 and bears a floating rate of interest (3-month Euribor + 1.75%).

17. EMPLOYEES BENEFIT LIABILITY

The employee benefit liability amounted to Euro 1,126 thousand as of December 31, 2012 (Euro 773 thousand as of December 31, 2011) reflects the actual commitment of the Group companies in respect of the employees on the basis of the remuneration trends and the contractual provisions in force at December 31, 2012 and 2011.

18. PROVISIONS FOR RISKS AND CHARGES

The following table sets forth a breakdown of provisions for risks and charges for the relevant periods:

	As of December 31, 2011	Increases	Decreases	As of December 31, 2012
		(in thousand of Euro)		
Provision for other legal disputes	2,903	1,767	(206)	4,464
Provision for prior-year penalties and interest	1,513	1,626	(631)	2,509
Other Provision	1,110	2,182	(960)	2,332
	5,526	5,575	(1,797)	9,305

The "Provision for other legal disputes" includes the estimated cost in the event of an unfavourable outcome in litigation or in potential disputes that have not yet occurred, a restructuring provision and the provision for refund application, referred to under item "Receivable from tax authorities for refund application".

The "Provision for prior-year penalties and interest" refers to the estimate of any penalties imposed by AAMS for the delayed payment of the PREU tax for the years prior to 2011 and still being defined with AAMS. In the course of 2012, the PREU tax has always been paid regularly in compliance with the deadlines established.

The "Other Provisions" include the "Provision for quota restrictions", which increased to take account of possible claims by AAMS in case of a surplus in machines inside the gaming facilities caused by double-Concessionaire.

It should be pointed out that with judgment no. 214 of 17 February 2012, the Lazio Regional Section of the State Court of Auditors, condemned Gamenet—and to a different extent also all the other Concessionaires—to pay Euro 235 million by way of administrative liability arising from alleged breaches to the original Concession Agreement for the management of the online gaming network of legal gaming.

As part of the judgment, the Regional Attorney's Office of the State Court of Auditors, has made an interlocutory appeal, seeking for Gamenet to reimburse an additional Euro 117.5 million; as a consequence, the Attorney calls for an increase in the amounts stated in the judgment to the charge of the concessionaires, since these amounts would not take into account the tax claims resulting from the increased costs due to the "waste of personnel and of financial resources not used".

It should be noted that at that time, the system of the Concessionaires and of AAMS itself, together with Sogei, started an experimental project with unique characteristics to the world for the start of a complex online gaming network that would allow constant monitoring of the network and all devices connected to it. The same story from an administrative perspective was, however, already being considered by the Council of State, which judged innocent the behaviour of the Concessionaires and annulled the fines applied by AAMS.

The company has appealed against the judgement no. 214 of 17 February 2012 and is waiting for a hearing on the merits. The submission of the appeal led to the suspension of the obligation to pay the said amount until the definition of the judgment of second instance. According to its legal advisors and in compliance with the concordant opinions expressed by the lawyers of all the other Concessionaires, the judgment presents several erroneous profiles. These considerations suggest that the appeal may be upheld and result in a decision that is favourable to the company. But it is not, at present, possible to predict whether the upholding of the appeal could lead to a substantial reduction of the extent of condemnation, which at present cannot be quantified, or a radical cancellation of the same. Therefore, given the high degree of uncertainty of the outcome of the proceedings and considering only possible an adverse outcome for the Company resulting from a possible rejection (even partial) of the appeal, it was decided not to accrue any provision.

The same can be said for the so-called AAMS "fourth penalty" notified on 2 March 2012, amounting to Euro 6.5 million, against which Gamenet appealed to the TAR (Regional Administrative Court). The latter has suspended the effectiveness of the measure. There is no reason to believe that the administrative judge may be of a different opinion regarding the decision on the first three penalties.

Accordingly, for the above-mentioned reasons, the company has not deemed it necessary to set aside specific provisions for risks.

The "Other Provision" included also last year the "Provision for pay-out surcharge", which relates to the stability law that was supposed to affect the pay-out lower than 80% of the amounts bet. Given the continuing absence of implementing decrees by AAMS and, on the basis of the best information available, the decision was taken to reverse this provision in 2012.

19. DEFERRED TAX LIABILITIES

Deferred tax liabilities amount to Euro 137 thousand as of December 31, 2012, a decrease of Euro 80 thousand, from Euro 217 thousand as of December 31, 2011.

20. TRADE PAYABLE

The following table sets forth a breakdown of trade payables for the relevant periods:

	As of December 31,	
	2011	2012
	(in thousand of Euro)	
Invoices received	19,341	16,764
Invoices to be received	7,457	4,946
Credit notes to be received	(37)	(2)
Payables to Romagna Giochi S.r.l.	—	61
	26,761	21,769

With reference to the breakdown by geographical area of payables at December 31, 2012, it should be noted that the balance includes the payable for Euro 2.1 million relating to a supplier resident in Canada.

"Invoices to be received" include the services rendered and the supplies already delivered that will be invoiced after the balance sheet date. The decrease in trade payables is due to both a different "timing" in investments in fixed assets, mainly tangible assets, and payment plans agreed with certain suppliers.

The table below presents the group's trade payable considering the Current and Non-current portion:

	December 31, 2011		December 31, 2012	
	Current	Non-current	Current	Non-current
	(in thousand of Euro)			
Trade payables	23,677	3,084	20,513	1,256
	23,677	3,084	20,513	1,256

21. TAX PAYABLE

The following table sets forth a breakdown of tax payable for the relevant periods:

	As of December 31,	
	2011	2012
	(in thousand of Euro)	
Payables to tax authorities for PREU tax	45,393	38,054
Payables to tax authorities for Current taxes	13,146	19,104
Payables to tax authorities for Concession Fee	8,480	9,364
Payables to tax authorities for Penalties	1,930	1,158
Payables to tax authorities for Interest	2,830	1,292
Other tax payables	637	549
	72,416	**69,521**

"Payables to tax authorities for Preu tax" include the current balance of the sixth period of 2012 paid in January 2013 and a remaining payable for the years 2004 and 2005, amounts already notified by AAMS in the previous financial years and divided into instalments.

"Payables to tax authorities for Concession Fee" refer to the amounts due for the sixth accounting period of 2012 and paid in January 2013.

"Payables to tax authorities for Penalties" mainly include the penalties on the division into instalments of the Preu tax for 2004/2005; the same can be said for "payables to tax authorities for interest".

"Payables to tax authorities for current taxes" include the tax payable calculated on the 2012 fiscal profit and the remaining debt for the higher taxes recognized in previous years as a result of the notices sent to Company by the Tax Authorities in 2011.

The table below presents the group's tax payable considering the Current and Non-current portion:

	As of December 31, 2011		As of December 31, 2012	
	Current	Non-current	Current	Non-current
	(in thousand of Euro)			
Tax payable	60,897	11,519	65,817	3,704
	60,897	**11,519**	**65,817**	**3,704**

22. OTHER LIABILITIES

The following table sets forth a breakdown of other liabilities for the relevant periods:

	As of December 31, 2011	As of December 31, 2012
	(in thousand of Euro)	
Other payables:		
Payables to distribution network for guarantees	10,153	9,796
Payables to CRIGA	4,677	3,967
Provision for Jackpot	3,598	4,746
Payables to employees	1,443	2,061
Payables to players for tickets to be validated	1,831	710
Other payables	8,786	8,465
Accrued expenses and deferred income	18,250	16,567
Due to insurance and pension institutes	507	611
	49,245	**46,923**

"Payables to distribution network for guarantees" reflect the amount of guarantees received in cash from third parties engaged to collect wagers.

The "Provision for Jackpot" and "Payables to players for tickets to be validated" represents the remaining portion of the amounts set aside as at December 31, 2012 and partially cleared in the first months of 2013.

The "Payable to employees" include payables to employees for remuneration for Euro 1,377 million which is related to the amounts due for the salaries relating to the month of December and the amount set aside by the company for bonuses and gratuities related to the achievement of the objectives set for 2012. The remuneration component has been dispensed in the first days of January 2013. The "Payable to employees" also includes "Payables to employees for deferred remuneration" for Euro 0,6 million which represents the accruals for holidays, unused leaves and accrued summer bonuses (14^{th}-month pay).

The "Payable to CRIGA" includes:

- Euro 2.4 million related to higher taxes, as a result of notices sent to the Company by the Tax Authorities and arising in the tax consolidation mechanism in the years when CRIGA was the Tax Consolidating Group parent;
- Euro 1.5 million related to the amounts cashed by Gamenet on behalf of CRIGA according to the assignment received of credit collection. This sum also includes the amounts of bills presented for payment and the outcome of which will only be known in early 2013. As mentioned in the section "Receivables from distribution network", in accordance with the agreement signed between CRIGA and Gamenet, the payable under review will be paid to CRIGA by Gamenet, upon the occurrence of the condition precedent outstanding as of December 31, 2012.

The item "Other Payables" includes:

- the bonus provided for by the contract and accrued by VLT gaming halls for 2012, which will be paid to the operators in the first months of 2013 as well as payables for interest accrued on cash guarantees, for Euro 900 thousand;
- the "Online gaming accounts" representing the amounts paid by the players into the online accounts at the date of financial statements and not used yet;
- the "Payables to Romagna Giochi" representing the remuneration for the activity of AWP portion of the wagers from AWP related to Romagna Giochi itself. This payable has not impact on the income statement of Gamenet Entertainment. This item includes also the amounts for service pertaining to November and December, in addition to the sums to be paid for the guarantee deposits of the

gaming facilities. During 2012, Romagna Giochi deposited an amount of Euro 600,000 to Gamenet Entertainment as guarantee for the positive outcome of the adjustment provided by the business branches transfer contracts.

The accrued expenses and deferred income mainly include "Deferred income for VLT contribution" for Euro 16,472 thousand for 2012; this item represents the contribution collected for services associated with the VLT activity. The deferred income has been recognised on the basis of the duration of the Concession.

"Due to insurance and pension institutes" reflects the payable for social security contributions in favour of employees paid in January 2013.

The table below presents the group's other liabilities considering the Current and Non-current portion:

	As of December 31, 2011		As of December 31, 2012	
	Current	Non-current	Current	Non-current
	(in thousand of Euro)			
Other payables	19,545	10,943	18,632	11,110
Accrued expenses and deferred income	2,004	16,246	1,865	14,703
Due to insurance and pension institutes	507	—	611	—
	22,056	27,189	21,108	25,813

23. MEMORANDUM ACCOUNTS

The following table sets forth a breakdown of memorandum accounts for the relevant periods:

	As of December 31,	
	2011	2012
	(in thousand of Euro)	
Guarantees issued by third parties		
—to AAMS for the concession	51,000	57,217
—to AAMS for betting concession	2,520	5,677
—other guarantees	694	694
Guarantees received from third parties		
—from distribution network	32,725	22,888

Guarantees issued by third parties

In connection with the award of gaming concessions we are required to post performance bonds in favour of AAMS, in the form of a bank guarantee indemnifying AAMS in the event that we fail to adequately perform our tax and operating obligations under the concession.

Guarantees for operating leases primarily relates to the guarantee provided relating to the lease of our headquarters.

Guarantees received from third parties

Guarantees issued from the distribution network in favour of Gamenet SpA in relation to the guarantees issued by UniCredit to AAMS. The decrease from December 31, 2012 is primarily related to maturity of some guarantees which are in process of being renewed.

24. REVENUES

The following table sets forth a breakdown of revenues for the relevant periods:

	Year ended December 31, 2011	Year ended December 31, 2012
	(in thousand of Euro)	
Slot machine revenue	495,011	432,715
VLT revenue	118,282	197,763
Betting revenue	6,882	9,924
Online gaming	4,117	813
Other	1,053	2,427
	625,345	643,642

Slot machine and VTL revenues are shown by recognizing the proceeds equal to the residual of the bets/wagers placed (amounts bet/wagered, net of winnings) minus the state tax but gross of the fees to the distribution network and of the concession fee.

Online gaming experienced a significant reduction that has led the company to carry out strategic discussions on the dynamics of online gaming. In the light of these remarks in the course of 2013 we will implement a different strategy based on a set of new initiatives.

Betting revenue and online gaming revenue should be compared with the corresponding winnings recorded in purchase of goods and services.

The following table sets forth a breakdown of other revenues for the relevant periods:

	Year ended December 31, 2011	Year ended December 31, 2012
	(in thousand of Euro)	
PREU tax penalties charged back	2,757	1,756
Income from VLT services	1,996	1,775
Use of Technological provision	551	610
Other	210	2,624
	5,514	6,765

Revenues from services related to VLT represent the portion of revenue deriving from deferred income and pertaining to the services related to VLT activities. The charging of penalties and fines represents the amount charged to the distribution network, which have not fulfilled, when due, the obligation to pay the remaining wagers to the concessionaire.

25. COST OF SERVICES

The following table sets forth a breakdown of cost of services for the relevant periods:

	Year ended December 31,	
	2011	2012
	(in thousand of Euro)	
Distribution network compensation	(509,982)	(495,753)
Gaming points bets/wagers winnings	(4,818)	(7,669)
Online bets/wagers winnings	(3,673)	(717)
Tax, administrative and legal advice	(3,080)	(2,485)
Data transmission	(2,594)	(2,914)
Network management	(2,382)	(2,750)
Emoluments, remuneration and reimbursement of expenses to the company's Boards	(1,814)	(1,698)
Technical assistance	(1,323)	(1,137)
Commercial services and exhibitions	(1,019)	(873)
Store-keepers/mandataries	(883)	(953)
Sponsorship	(605)	(1,608)
Costs for poker platform services	(321)	(58)
Bank expenses	(309)	(204)
Costs relating to Associates	—	(92)
Miscellaneous	(1,952)	(2,421)
	(534,755)	(521,332)

The Distribution network compensation mainly relates to the remuneration of the distribution network managers.

The costs for network management services mainly include inspection services, the maintenance services on VLTs, and "installation and reclamation of network access points" services.

Technical assistance mainly includes the costs for IT outsourcing.

"Sponsorship" mainly represents the costs relating to the initiative already started in 2011 to promote the Gamenet brand through the sponsorship of Pescara and Sampdoria football teams in the First and Second League for the 2011-2012 football season, and only for Sampdoria for the 2012-2013 season. For the 2012-2013 season, the Company sponsors the Virtus Roma team in the basketball First League; these initiatives are aimed at increasing the brand awareness in the sporting public.

Other expenses primarily include ordinary costs such as postal and shipping expenses, meal vouchers to employees, maintenance services, office cleaning services, insurance policies, travel expenses, fuel, temporary services.

26. OTHER OPERATING EXPENSES

The following table sets forth a breakdown of other operating expenses for the relevant periods:

	Year ended December 31,	
	2011	2012
	(in thousand of Euro)	
Concession Fee	(16,772)	(19,144)
Fee on VLT platform licenses	(9,699)	(13,877)
Other IT rentals	(1,065)	(1,139)
Lease of offices	(603)	(1,173)
Rental of exhibition materials	(409)	(327)
Lease of Gaming halls/arcades	(256)	(289)
Lease of warehouse, etc.	(224)	(233)
Fee on trademark license	(188)	(210)
Car rental	(153)	(272)
Leasing	(20)	(99)
Rental of AWP	(48)	(287)
	(29,437)	(37,050)

"Concession Fee" represents the accrued amount due to AAMS for the VLT and AWP machine concessions calculated as 0.3% of VLT and AWP machine bet.

27. PERSONNEL EXPENSES

The following table sets forth a breakdown of personnel expenses for the relevant periods:

	Year ended December 31,	
	2011	2012
	(in thousand of Euro)	
Remuneration	(5,769)	(7,333)
Social security contributions	(1,651)	(1,985)
Employees' termination pay	(360)	(469)
Other	(36)	(79)
	(7,816)	(9,866)

The increase in "Personnel expenses" relates to the increase in the average number of employees, reflecting the organizational efforts which commenced in 2011 and continued in 2012 as a result of the increased gaming volumes and the efforts to expand the presence of Gamenet in the industry.

28. ACCRUALS AND PROVISIONS

The following table sets forth a breakdown of accruals and provisions for the relevant periods:

	Year ended December 31,	
	2011	2012
	(in thousand of Euro)	
Accrual to the provision for 2011 risks	(750)	—
Provision for technological innovation	(610)	(614)
Taxes and sundry duties	(548)	(645)
Accrual to the provision on AAMS guarantee deposits	(223)	(301)
2010 AAMS liquidation interest/penalties adjustment	(221)	(1,626)
Fines and penalties	(183)	(202)
Gifts and entertainment expenses	(162)	(88)
Accrual to the provision for quota restrictions	(150)	(1,266)
Accrual to the provision for gaming	(127)	—
Provision for other legal disputes	(115)	—
Write-down of other receivables	(42)	(1,356)
Others	(506)	(1,767)
Miscellaneous	(535)	(376)
	(4,172)	**(8,241)**

29. PURCHASES OF MATERIALS, CONSUMABLES AND MERCHANDISE

The following table sets forth a breakdown of purchases of materials, consumables and merchandise for the relevant periods:

	Year ended December 31,	
	2011	2012
	(in thousand of Euro)	
Other purchases	(49)	(95)
Purchase of goods	(22)	(85)
Stationery	(8)	(2)
VLT gaming facilities material and VLT spare parts	—	(87)
Change in inventories of raw, ancillary and consumable materials	—	24
	(79)	**(245)**

"Purchase of goods" mainly refers to the purchases of products held for resale through the bars located inside the gaming facilities of Gamenet Entertainment.

30. DEPRECIATION, AMORTISATION AND IMPAIRMENTS

The following table sets forth a breakdown of depreciation, amortisation and impairments for the relevant periods:

	Year ended December 31,	
	2011	2012
	(in thousand of Euro)	
Amortisation of VLT concession fee	(4,024)	(8,214)
Amortisation of goodwill	(2,075)	(2,342)
Amortisation of other intangible assets	(2,826)	(3,345)
Depreciation of tangible assets	(5,034)	(6,753)
Depreciation of assets under lease	(996)	(645)
Other write-downs of assets	(420)	(17)
	(15,375)	**(21,316)**

"Amortisation of intangible assets" and "depreciation of tangible assets" related to or connected with the online gaming network have been made on the basis of the residual duration of the concession. VLT rights are amortised on the basis of the number of activated rights. Other assets (all of technological nature) have been depreciated over 5 years.

Goodwill is amortised over ten years. The extension of the amortisation period to ten years is justified by the fact that the Company has an established business based on the concessions obtained from AAMS.

Goodwill paid by Gamenet Entertainment for the purchase of the business branches is amortised over five years.

31. FINANCE INCOME

The following table sets forth a breakdown of finance income for the relevant periods:

	Year ended December 31,	
	2011	2012
	(in thousand of Euro)	
Interest income charged to distribution network	898	605
Dividends	711	—
Other interest income	519	248
Interest income on securities held as financial assets	48	47
Interest income on bank current accounts	24	160
	2,200	1,060

"Interest income charged to distribution network" consists of the amounts charged to the third parties engaged to collect bets, when they are late in the payment of amounts due to the Concessionaire.

"Other interest income" mainly includes interest income on Unicredit SWAPs.

32. FINANCE EXPENSES

The following table sets forth a breakdown of finance expenses for the relevant periods:

	Year ended December 31,	
	2011	2012
	(in thousand of Euro)	
Interest expense and bank commissions	(5,934)	(3,442)
Interest expense on shareholder loan	(2,287)	(3,934)
Other interest expense	(1,585)	(1,067)
Interest expense on the division into instalments of prior-year PREU tax	(945)	(808)
Interest on leasing	(60)	(20)
Commissions on sureties	(1,162)	(1,455)
Other	(8)	(0)
	(11,981)	(10,726)

"Interest expense and bank commissions" refers to the cost of the loan obtained from Unicredit in addition to bank expenses charged by Unicredit.

The cost of the sureties received from Unicredit is recorded under item "Commissions on sureties".

"Interest expense on shareholder loan" reflects the cost associated with the loans granted by the controlling shareholder TCP Lux Eurinvest S.à r.l..

"Other interest expense" mainly includes the interest payable on Unicredit swaps, which is partially offset by interest income. It also includes the interest expense on the payment agreement with a supplier of VLT devices.

33. IMPAIRMENT OF FINANCIAL ASSETS

The following table sets forth a breakdown of impairment of financial assets for the relevant periods:

	Year ended December 31,	
	2011	2012
	(in thousand of Euro)	
Write-down of equity investment	(84)	—
Provision for losses on financial receivables from distribution network	(50)	(31)
	(134)	(31)

34. EXTRAORDINARY EXPENSE, NET

The following table sets forth a breakdown of extraordinary expenses, net for the relevant periods:

	Year ended December 31,	
	2011	2012
	(in thousand of Euro)	
Extraordinary income		
Tax refund application	4,065	—
Other prior-year income	699	2,885
	4,764	2,885
Extraordinary expense		
Adjustment to the provision for doubtful accounts due to extraordinary agreements	(8,413)	(8,920)
Losses on receivables	(919)	(29)
Other prior-year charges	(724)	(641)
AAMS penalties for PREU tax and fee relating to prior years	(265)	(73)
Penalties due to the assessment of withholdings on current taxes	(161)	—
Write-down of Gamenet SpA returns	(147)	—
Capital losses on the disposal of the business branch Gamenet Arcades	(108)	—
Taxes and duties relating to prior years	(9)	(29)
	(10,746)	(9,692)
Extraordinary expense, net	(5,981)	(6,807)

35. INCOME TAXES

The following table sets forth a breakdown of income taxes, net for the relevant periods:

	Year ended December 31,	
	2011	2012
	(in thousand of Euro)	
Current	(12,200)	(18,700)
Deferred taxes	2,282	4,398
	(9,918)	(14,302)

36. OTHER INFORMATION

Information on the financial instruments issued by the company

The Company, in 2010, issued no. 7,500,000 share warrants convertible into A type shares and related to a future share capital increase. In 2012, the Company issued no. 1,250,000 share warrants convertible into A type shares and related to a future capital increase. These warrants were assigned to the shareholders free of charge.

Information on the fair value of derivative financial instruments

The Company, with the aim of minimizing the effects of adverse changes in the trend of the market interest rates, has entered into, in the course of 2010, a hedging derivative contract, i.e. "interest rate swap". The contract provides for the exchange of cash inflows at floating rate and outflows at fixed rate. The reference nominal value as at December 31, 2012 was Euro 24 million. Mark to Market on the same date was negative and amounted to Euro 845 thousand.

The contract is considered a hedging instrument under the Italian accounting principles, being in fact the intent of the Company to avail itself of a hedging instrument and there is high correlation between the technical/financial features of the liabilities hedged and those provided for by the hedging contract. The foregoing is documented by evidence within the company.

Information on transactions with related parties

The following table shows information relating to transactions with related parties as of and for the years ended December 31, 2011 and 2012.

The commercial transactions are mainly related to operations with the distribution network. The financial transactions are related to the loans granted by the shareholders and other related entities.

Tax transactions relate to the effects of the tax consolidation mechanism applied in prior years, in which CRIGA was the tax consolidation Group parent.

December 31, 2011	Nature of transaction	Receivables	Payables	Revenues	Expenses	Dividends
		(in thousand of Euro)				
Shareholders:						
TCP Eurinvest Lux S.à rl	Financial	—	52,484	—	2,293	—
CRIGA	Commercial/Tax	3,312	6,270	69	—	711
		3,312	**58,754**	**69**	**2,293**	**711**
Key Management Personnel:						
Antonini (Apuleio & Rinascimento)	Compensation	—	38	—	451	—
Casalone	Compensation	—	—	—	400	—
		—	**38**	**—**	**851**	**—**
Non-consolidated subsidiaries:						
Eurispea Srl	Commercial	—	—	—	138	—
Other related entities:						
Romagna Giochi Srl(1)	Commercial	3,027	—	—	60,087	—
Italgiochi 2001 Srl(1)	Commercial	690	14	—	5,677	—
Extra Games Srl(1)	Commercial	1,485	—	—	6,643	—
M Group di Minopoli Pietro Sas(1)	Commercial	350	—	—	2,796	—
C.N.G. Srl(1)	Commercial	85	—	—	1,890	—
		5,637	**14**	**—**	**77,093**	**—**
Total		**8,949**	**58,806**	**69**	**80,375**	**711**

December 31, 2012	Nature of transaction	Receivables	Payables	Revenues	Expenses
		(in thousand of Euro)			
Shareholders:					
TCP Eurinvest Lux S.à rl	Financial	—	56,418	—	3,934
CRIGA	Commercial/Tax	3,925	4,939	24	—
		3,925	**61,357**	**24**	**3,934**
Key Management Personnel:					
Antonini	Compensation	—	—	—	302
Casalone	Compensation	—	—	—	400
		—	—	—	702
Non-consolidated subsidiaries:					
Eurispea Srl	Commercial/Compensation	10	—	10	9
Other related entities:					
Romagna Giochi Srl	Commercial/Financial	5,642	4,358	—	71,314
Italgiochi 2001 Srl	Commercial	524	14	—	5,341
C.N.G. Srl	Commercial	63	—	—	1,499
Extra Games Srl	Commercial	917	—	—	4,728
M Group di Minopoli Pietro Sas	Commercial	399	—	—	3,051
		7,545	4,372	—	85,933
Total		11,480	65,729	34	90,578

(1) It should be noted that the revenues generated by these counterparties are not included in table above as these proceeds, despite being collected by such counterparties, originate directly from the collection generated by the customers.

Dividend-right shares, Bonds and other Securities issued by the company

The Company has not issued any dividend-right shares or bonds convertible into shares.

Assets and loans designed to operate a specific transaction.

There are no assets or loans for a specific transaction.

Information relating to the fees due to Independent Auditors

It should be noted that—pursuant to Art. 37, para. 16 of Legislative Decree no. 39/2010 and letter 16-bis of Art. 2427 of the Italian Civil Code, the total amount of fees due to independent auditors for the year 2012 for the entire Gamenet Group amounted to Euro 243 thousand, of which Euro 182 thousand in relation to the Parent company and Euro 60 thousand relating to the subsidiaries.

Information on the agreements not reflected in the Balance Sheet

The company has not entered into agreements, which are not reflected in the Balance Sheet.

It should be noted that the Company has entered into agreements over the past years with VLT technology providers, whose remuneration is a percentage of bet less payout less PREU ("net revenues"). This cost, which is paid annually, is not determinable for the future, but such amount, in relative terms, is more than offset by the residual "net revenues".

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Annex A—Summary of certain differences between Italian GAAP as compared to IFRS

This Offering Memorandum contains historical financial information derived from (i) our audited consolidated financial statements as at and for the years ended December 31, 2011 and 2012, prepared in accordance with Italian GAAP and (ii) our unaudited condensed consolidated financial statements as at and for the three months period ended March 31, 2013, prepared in accordance with OIC 30, "Interim Financial Reporting", the Italian accounting standard that governs the preparation of interim financial statements.

The matters described below summarize certain differences between Italian GAAP and EU IFRS that may be material to the financial information included in this Offering Memorandum. We have not prepared a qualitative or quantitative reconciliation of our consolidated financial statements and related footnote disclosure between Italian GAAP and EU IFRS; accordingly, we cannot assure you that this summary is complete. In making an investment decision, you must rely upon your examination of the Group and the financial statements included elsewhere in this Offering Memorandum. You should consult your own professional advisers for an understanding of the differences between Italian GAAP and EU IFRS and how those differences might affect the financial information included in this Offering Memorandum.

The differences highlighted below reflect only those differences in accounting policies in force at the time of the preparation of the Italian GAAP audited consolidated financial statements. No attempt has been made to identify future differences between Italian GAAP and EU IFRS, as the result of prescribed changes in accounting standards, transactions or events that may occur in the future. Regulatory bodies that promulgate Italian GAAP and EU IFRS have significant ongoing projects that could affect future comparisons, such as this one between Italian GAAP and EU IFRS. Future developments or changes in Italian GAAP and EU IFRS may give rise to additional differences between Italian GAAP and EU IFRS, which could have a significant impact on the Group.

1. Revenue recognition

a) Presentation of revenues (gross or net basis)

Italian GAAP

No specific guidance exists under Italian GAAP to represent revenues on a gross or net basis. Accounting treatment is mainly based on the legal form of the transaction. In particular, revenue recognition focuses on the concept of realization, transfer of legal right and of risk of asset ownership and on performance of services.

EU IFRS

When other parties are involved in providing goods or services to an entity's customer, the entity shall determine whether its obligation is to provide the specified goods or services itself (i.e. the entity is a principal) or to arrange for another party to provide those goods or services (i.e. the entity is an agent). Indications that the entity is acting as an agent or principal are reported below:

(a) the other party is primarily responsible for fulfilling the contract;

(b) the entity does not have inventory risk before or after the customer order, during shipping or on return;

(c) the entity does not have latitude in establishing prices for the other party's goods or services and, hence, the benefit that the entity can receive from those goods or services is constrained;

(d) the entity's consideration is in the form of a commission; and

(e) the entity does not have customer credit risk for the amount receivable in exchange for the other party's goods or services.

When the entity is acting as an agent, it shall report revenues on a net basis. Revenues will be equal to the fees or commissions received in exchange for arranging for the other party to provide its goods or services. On the contrary when the entity is acting as a principal, it shall report revenues based on the gross amount of consideration to which the entity is entitled in exchange for those goods or services.

2. Classification of Income Statement—Extraordinary Items

Italian GAAP

Under Italian GAAP, extraordinary items include both items of a recurring and non-recurring nature. Recurring items reported as extraordinary items include gains and losses on disposal of fixed assets and non-recurring items such as impairments charges, restructuring costs, exit costs, adjustments of prior year accruals and taxes. Under Italian GAAP, such costs have to be classified as extraordinary items.

EU IFRS

According to EU IFRS extraordinary costs and revenues cannot be reported separately in the income statement. All costs and revenues are related to the ordinary activity of the entity.

3. Intangible assets

a) Acquisition related costs

Italian GAAP

Accounting for acquisition related costs are not specifically addressed by Italian GAAP. According to the common accounting practice, acquisition related costs can be considered part of the consideration transferred or capitalized under intangible assets.

EU IFRS

Acquisition related costs such as finder's fees, advisory, legal, accounting and other professional fees are not part of the consideration transferred and they are accounted for as an expense when the acquirer consumes the related services.

b) Advertising and promotional costs

Italian GAAP

According to Italian GAAP, advertising and promotional costs are normally expensed as incurred. In certain circumstances they can be capitalized, when it is probable that the expected future economic benefits that are attributable to these costs will flow to the entity in the next years. Normally, according to Italian GAAP, it is commonly accepted to capitalize the non-recurring advertising and promotional costs related to the launch of a new product or a new brand.

EU IFRS

Advertising and promotional costs are expensed as incurred.

c) Transaction costs related to capital increase

Italian GAAP

According to Italian GAAP, costs directly attributable to the equity transaction are capitalized as intangible assets and amortized over the expected period of utilization, which cannot however exceed five years starting from the year in which the costs were incurred.

EU IFRS

Costs directly attributable to the equity transaction (i.e. fees paid to lawyers, accountant, investment bankers for a capital increase....) are accounted for as a deduction from equity, net of any related income tax benefit.

d) Borrowing costs capitalized over intangible assets

Italian GAAP

According to Italian GAAP, an entity can choose to capitalize borrowing costs that are directly attributable to the acquisition, construction or production of an asset or to directly recognize these costs in the income statement. No specific guidance exists according to Italian GAAP in order to identify the assets for which the borrowing costs can be capitalized.

EU IFRS

According to EU IFRS, an entity shall capitalize borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. All other borrowing costs should be expensed in the period incurred. A qualifying asset is defined by EU IFRS as an asset that takes a substantial period of time to get ready for its intended use or sale.

e) Goodwill

Italian GAAP

Goodwill arising from the acquisition of a business is capitalized and amortized on a straight-line basis over the period of its estimated useful life, up to a maximum of 20 years.

EU IFRS

Goodwill is the excess of the fair value of the consideration transferred, the amount of any non-controlling interest recognized and the fair value of identifiable assets, liabilities and contingent liabilities acquired. Goodwill should not be amortized but should be reviewed for impairment at least annually at the cash-generating-unit level.

4. Treasury shares

Italian GAAP

According to Italian GAAP, treasury shares are reported in the long term financial assets section in the consolidated balance sheet and are measured at acquisition cost, adjusted for permanent losses. An equity reserve (not available for distribution) must be accounted for. This reserve will be maintained until the treasury shares are transferred or cancelled.

EU IFRS

When an entity's own shares are repurchased, the shares are shown as a deduction from shareholders' equity. Any profit or loss on the subsequent sale of the shares is accounted for as a direct reduction of shareholders' equity.

5. Investment in non-consolidated subsidiaries

Italian GAAP

According to Italian GAAP, all investments in subsidiaries shall be consolidated except when not significant.

EU IFRS

In accordance with EU IFRS, all investments in subsidiaries shall be consolidated.

6. Long Term Financial assets

Italian GAAP

According to Italian GAAP, long term financial assets are medium and long-term fixed investments, including long term investments, long term receivables and other securities (other than subsidiaries or associated companies). Long term financial assets shall be measured based on their acquisition costs, inclusive of directly related accessory costs (i.e.: commissions, brokerage fees and specific consulting costs.....). The company determines at each reporting date whether there is any objective evidence that the investment is impaired. If this is the case, the company calculates the amount of impairment as the difference between the recoverable amount of the long term financial assets and their carrying value

EU IFRS

All financial assets are classified into four specific categories, based on their main characteristics: i) financial asset at fair value through profit and loss—FVTPL, ii) held to maturity financial assets—HTM, iii) loans and receivables—L/R and iv) available for sale financial assets—AFS. The requirement to classify the financial instruments into the above mentioned categories arises from the mixed measurement model in IAS 39, under which FVTP and AFS are subsequently measured at fair value, whereas HTM and L/R are carried at amortized cost. Initial recognition of all financial assets is at their fair value. Transaction costs are added to the fair value (except for FVTPL).

7. Debt issuance costs

Italian GAAP

According to Italian GAAP, debt issuance costs may be directly recorded in the income statement or capitalized as intangible assets and amortized over their useful life.

EU IFRS

According to EU IFRS, debt issuance costs are capitalized as a reduction of the borrowing in the balance sheet. The amortization of debt issuance costs is recognized as interest expenses in the income statement.

8. TFR

Italian GAAP

TFR includes the indemnity to be paid on termination of the employees, calculated in conformity with regulations and the collective contracts in place. TFR is not discounted and it is calculated as if all the employees left the Company at the balance sheet date.

EU IFRS

According to IAS 19, TFR must take into consideration the estimated provision to be paid to the employees when they effectively will leave the company. This provision needs to be discounted appropriately, based on the personnel rotation, the expected interest rate and the life expectation.

Following the implication of the "*Legge finanziaria 2007*" issued by the Italian government, TFR can be split into two different parts: i) TFR from 1 January 2007 onward is considered a Defined Contribution Plan and no actuarial calculation is necessary; ii) TFR accrued since 31 December 2006 is a Defined Benefit Plan and an actuarial calculation is required.

9. Financial liabilities with no interest rate

Italian GAAP

Financial liabilities with no contractual interest are recorded at nominal value, that is the consideration received.

EU IFRS

When a financial liability is initially recognized, IAS 39 requires the entity to measure it at its fair value plus transaction costs. Financial instrument's initial fair value will normally be the transaction price. In some circumstances, however, the consideration received is not the financial instrument's fair value. For a long term loan with no contractual interest, the fair value is normally calculated by using a discounted cash flow valuation method. Fair value will be coincident with the present value of all future cash receipts discounted using the prevailing market rate of interest for a similar instrument with a similar credit rating issued at the same time.

10. Warrant

Italian GAAP

According to Italian GAAP, the legal form of the transaction is relevant in order to distinguish between financial liability and equity instruments. Where an instrument is not a share and its provisions include an obligation to transfer economic benefits then it must be classified as a liability. Otherwise it shall be classified as equity.

EU IFRS

According to EU IFRS, financial instruments must be analyzed in detail in order to understand if they are an equity instrument, financial liability or derivatives. A derivative contract that will be settled by the entity receiving or delivering a fixed number of its own equity instruments in exchange for a fixed amount of cash or another financial asset is an equity instrument (i.e. warrant attributed to the shareholders that gives them a right to buy a fixed number of the entity's shares for a fixed price). Therefore any consideration received (such as the premium received for the warrant) or paid on a derivative contract is directly added or charged to equity. All other contracts on own equity that are not physically settled gross in shares for a fixed sum are treated as derivatives and accounted for in accordance with IAS 39.

11. Derivatives

Italian GAAP

Derivatives are commonly defined as financial instruments that derive their value from an underlying price or index such as an interest rate, a foreign exchange rate or commodity price. Derivatives can be divided in:

- Hedging derivatives: derivatives entered into by the company in order to hedge different risks (currency, interest or market price risks);
- Non hedging derivatives: derivatives entered into by the company with the objective to generate profit in the near term.

Hedging derivatives are measured as follows:

- derivatives have to be reported in the memorandum account. Derivatives shall be measured on the basis of the criteria followed for the underlying assets they refer to; and
- the gain or the loss deriving from the hedging instrument is recorded into the income statement in the same periods in which costs and revenues of the hedged items are accounted for.

Non hedging derivatives shall be measured at fair value. The entity shall book a provision if the fair value is negative. If the fair value is positive, following the general criteria of prudence, no accrual shall be booked.

EU IFRS

EU IFRS defines a derivative as a financial instrument whose value changes in response to a specified variable or underlying rate (for example, interest rate), that requires no or little net investment and that is settled at a future date. All derivatives are recognized on the balance sheet as either financial assets or liabilities. They are initially measured at fair value on the acquisition date. Subsequent measurement of all derivatives is at their fair value, regardless of any hedging relationship that might exist. Changes in a derivative's value are recognized in the income statement as they arise, unless they satisfy the criteria for hedge accounting.

According to EU IFRS, hedge accounting is permitted provided that an entity meets stringent qualifying criteria in relation to documentation and hedge effectiveness. Hedging refers to the process of entering into a derivative transaction in the expectation that the transaction will eliminate or reduce an entity's exposure to a particular risk. Risk reduction is obtained because the derivative's value or cash flow are expected to move inversely, offsetting changes in the value or cash flow of the hedged position.

12. Business combinations

Italian GAAP

According to Italian GAAP, business combination accounting criteria requires separate recognition of the acquirer's identifiable assets, liabilities and contingent liabilities that existed at the date of acquisition. These assets and liabilities must be recognized at fair value at the date of acquisition. However, in accordance with Italian GAAP, there is no specific guidance related to the definition of a business combination. Classification of a business combination is largely dependent on the legal form of the vehicle which has been acquired.

In addition, accounting for business combinations under common control is not specifically addressed by Italian GAAP. According to the common accounting practice, assets and liabilities acquired are measured at fair value in the consolidated financial statements. Goodwill arises as the difference between the price and the fair value of the net assets acquired.

EU IFRS

EU IFRS 3 *Business Combinations* ("EU IFRS 3") outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date. A business combination is a transaction or event in which an acquirer obtains control of one or more businesses. A business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return directly to investors or other owners, members or participants (EU IFRS 3 Appendix A).

EU IFRS 3 is not applicable to business combination under common control, where the business is ultimately controlled by the same parties both before and after the business combination. There is currently no guidance in EU IFRS on the accounting treatment for combinations among entities under common control. In this case, management shall develop a policy that is relevant to the decision-making needs of users and that is reliable. For these cases, according to common principles normally used, no assets and liabilities are restated to their fair values but they are incorporated at the predecessor carrying values and no new goodwill arises.

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