

“AVIO S.P.A. MARKET WARRANT” REGULATIONS

1 DEFINITIONS

1.1 These Regulations contain the following terms with the meanings given to them hereunder. Terms in the singular also refer to the plural, and vice versa.

- **“Shares”**: ordinary shares of the Company (as defined below), without the nominal value indicated, admitted to trading on the STAR segment of the MTA (as defined below), as from 10 April 2017.
- **“Conversion Shares”**: the maximum number of 2,034,885 shares resulting from a capital increase in the Company, excluding the option right pursuant to article 2441, paragraph 5 of the Civil Code, resolved by the extraordinary shareholders' meeting of the Company on 17 June 2015 (as amended on 23 December 2016), to service the exercise of “*Avio S.p.A. Market Warrants*”, according to the terms and conditions of these Regulations, with the same entitlement as that for outstanding shares.
- **“Acceleration Notice”**: the notice issued by the Company to inform holders of the Warrants (as defined below) that the Average Monthly Price (as defined below) is equal to or greater than the Acceleration Price (as defined below).
- **“Open Trading Day”**: an open trading day according to the trading schedule of Borsa Italiana S.p.A.
- **“MIV”**: the electronic Investment Vehicles Market organised and managed by Borsa Italiana S.p.A.
- **“MTA”**: the Electronic Stock Market organised and managed by Borsa Italiana S.p.A.
- **“Exercise Period”**: each calendar month in the Reference Period (as defined below), save for the first Exercise Period which will start from the third Open Trading Day of the second calendar month following 10 April 2017.
- **“Reference Period”**: the period between the third Open Trading Day of the second calendar month following 10 April 2017 and the Expiry Date (as defined below), depending on the schedule of Borsa Italiana S.p.A..
- **“Suspension Period”**: as defined by article 3.12 of these Regulations.

- **“Acceleration Price”**: the reference price for triggering the event as of the Acceleration Notice, equal to 13 euro per share.
- **“Average Monthly Price”**: the arithmetic mean of Official Daily Prices (as defined below) recorded during each Exercise Period.
- **“Subscription Price”**: the price at which holders of Warrants may subscribe for Conversion Shares, as determined in article 3.2.
- **“Strike Price”**: the reference price for the purpose of exercising the Warrants in accordance with these Regulations, equal to 9.5 euro per share.
- **“Daily Official Price”**: the average weighted price of all shares traded on the MTA during the daily session.
- **“Exercise Ratio”**: the exercise ratio based on which the number of Conversion Shares assigned to exercise each Warrant is determined.
- **“Company”**: Avio S.p.A., with registered office in Rome, via Leonida Bissolati, no. 76, share capital 90,761,670.00 euro, registered with the Rome Companies' Register, tax code and VAT Registration number 09105940960.
- **“Expiry Date”**: the first of the following dates: (i) the first Open Trading Day five years after 10 April 2017; and (ii) the first Open Trading Day 60 calendar days after the date of publication of the Acceleration Notice.
- **“Warrant”**: “*Avio S.p.A. Market Warrants*”, as of these regulations, to assign as 2 Warrants for every 4 Shares based on the resolution passed by the shareholders' meeting of the Company on 17 June 2015 (as amended on 23 December 2016), to issue in compliance with article 2.2. below, admitted to trading on the STAR segment of the MTA, as from 10 April 2017.

2 CHARACTERISTICS OF THE WARRANTS

- 2.1 The Warrants were assigned at no charge, at a ratio of 2 Warrants for every 4 Shares and may be exercised against payment, in compliance with the motion passed by the extraordinary shareholders' meetings of 17 June 2015 and of 23 December 2016. The above meetings approved, inter alia, a capital increase, excluding the option right pursuant to article 2441, paragraph 5 of the Civil Code, to service the exercise of "Avio S.p.A. Market Warrants", in tranches, for 203,488.50 euro, through the issue of a maximum 2,034,885 ordinary shares without indicating the nominal value.
- 2.2 In particular: (i) one of the 2 Warrants was issued for every 4 Shares subscribed as part of the institutional placement to list the Company on the MIV and trading on the MIV started, separately from the Shares, on the starting date to trade the Shares; while (ii) the right to receive the second Warrant to assign to every 4 Shares is incorporated in the Shares and will be issued with them until 10 April 2017; at this date, the second Warrant will be issued and will start to be traded separately from the Shares on the MTA, along with the Warrants issued as of point (i) above. The 2 Warrants assigned for every 4 Shares will be identified by the ISIN and will be wholly fungible, also for the purposes of these Regulations. For clarity's sake, assignment of the second Warrant as of point (ii), will not be considered in any way as an extraordinary operation in accordance with article 6 below.
- 2.3 The Warrants are subject to dematerialisation pursuant to articles 83-*bis* and subsequent of Legislative Decree 58/98, as amended, and are admitted by the centralised management system of Monte Titoli S.p.A.. The Warrants will be freely transferable through registration in accounts held at Monte Titoli S.p.A..

3 TERMS AND CONDITIONS OF EXERCISE

Conditions for exercising Warrants and determining the Exercise Ratio

- 3.1 During the Reference Period, holders of the Warrants may exercise the warrants, in full or in part, at any time, requesting to subscribe for Conversion Shares at the Subscription Price, on condition that the Average Monthly Price recorded for each Exercise Period is higher than the Strike Price.
- 3.2 The Subscription Price will be the same as the issue par value determined by the shareholders' meeting of the Company on 17 June 2015, equal to 0.10 euro for each Conversion Share.
- 3.3 To exercise the Warrants, holders of Warrants will be assigned Conversion Shares based on the Exercise Ratio calculated using the following formula:

$$\frac{\text{Average Monthly Price} - \text{Strike Price}}{\text{Average Monthly Price} - \text{Subscription Price}}$$

- 3.4 If the Average Monthly Price is equal to or greater than the Acceleration Price, in the formula indicated in article 3.3 above, the Average Monthly Price will be replaced by the Acceleration Price.

Procedure for exercising the Warrants

- 3.5 During the Reference Period, the Warrants may be exercised in full or in part, in each Exercise Period, with the allocation of a number of Conversion Shares determined based on the Exercise Ratio calculated with reference to the Average Monthly Price registered in the previous Exercise Period and notified by the Company pursuant to Articles 3.5 and 3.6 below.
- 3.6 The first Exercise Ratio will be determined, pursuant to article 3.3, based on the Average Monthly Price recorded in the first calendar month following 10 April 2017 and will be promptly notified by the Company and, in any case, by the second Open Trading Day of the second calendar month following 10 April 2017.
- 3.7 Each Exercise Ratio following the first will be determined, pursuant to article 3.3, based on the Average Monthly Price recorded for the previous Exercise Period and will be promptly notified by the Company and, in any case, by the second Open Trading Day following the end of the relevant Exercise Period.
- 3.8 Requests to exercise Warrants shall be made to the intermediary using the centralised management system of Monte Titoli S.p.A. where the Warrants are deposited by the final Open Trading Day of each Exercise Period. The relative Conversion Shares shall be made available for trading by the tenth Open Trading Day of the Exercise Period following the exercise period when the request to exercise the Warrants was made.
- 3.9 The Subscription Price shall be paid in full when requesting to exercise the Warrants, without any commissions or fees payable by the holders of the Warrants, into the current account of the Company that will be indicated in notices that the Company will send pursuant to articles 3.6 and 3.7.
- 3.10 In all cases in which, due to these Regulations, a fragmented number of Conversion Shares is due, on the exercise of the Warrants, the holder of the Warrants will be entitled to receive Conversion Shares up to the whole number rounded down and may not exercise any right to the excess fragmented portion.

- 3.11 When presenting the exercise request, the holder of the Warrants shall acknowledge that the Conversion Shares assigned to exercise the Warrants have not been registered in accordance with the Securities Act of 1933 as amended, in force in the United States of America.
- 3.12 The Exercise Period will be automatically suspended from the day (inclusive) following the date when the Board of Directors has called a Shareholders' Meeting of the Company up to the day (inclusive) when the board meeting took place, also with subsequent calls. If the Board of Directors has proposed the distribution of dividends, the exercise of the Warrants will be suspended from the day (inclusive) following the date when the Board of Directors passed its proposal, up to the day (inclusive) before the coupon date of any dividends approved by the shareholders' meeting (each of the above periods, the **"Suspension Period"**).

4 ACCELERATING EXERCISE

- 4.1 If the Average Monthly Price recorded for the previous Exercise Period is equal to or greater than the Acceleration Price, the Company will promptly publish the Acceleration Notice and the Exercise Ratio determined pursuant to article 3.4 above and, in any case, by the second Open Trading Day following the end of the relevant Exercise Period.
- 4.2 Following the publication of the Acceleration Notice, requests to exercise the Warrants shall be made to the intermediary, according to the procedures in article 3 above, failing which the Warrants will not be effective, by the first Open Trading Day following 60 calendar days from the date of publication of the Acceleration Notice.
- 4.3 If the Acceleration Notice is published during a Suspension Period, the Expiry Date as of article 4.2 above will be effective starting from the first Open Trading Day following the last day of the Suspension Period.

5 EXPIRY DATE AND LAPSE OF WARRANTS

- 5.1 Warrants that are not exercised by the Expiry Date will lapse and no longer be valid.

If the Expiry Date occurs during a Suspension Period, it will be automatically suspended starting from the first day of the Suspension Period and will be effective again - for a number of days equal to the residual duration of the Reference Period – from the first Open Trading Day following the final day of the Suspension Period.

6 ADJUSTMENTS IN THE CASE OF EXTRAORDINARY OPERATIONS CONCERNING COMPANY CAPITAL

6.1 If, before the Expiry Date, the Company approves or carries out:

- 1) paid-in share capital increases, through the issue of options on new Shares, also to service other valid warrants for their subscription or convertible bonds or with warrants, the Strike Price will be decreased by an amount, rounded down to the nearest thousandth of a Euro, equal to $(P_{cum} - P_{ex})$ in which: “ P_{cum} ” represents the simple arithmetic mean of the last five Official Daily Prices reported on the MTA in which the Shares are traded “*cum right*” and “ P_{ex} ” represents the simple arithmetic mean of the first five Daily Official Prices reported on the MTA in which the Shares are traded “*ex right*”. The Exercise Ratio will consequently be increased;
- 2) share capital increases through the issue of Shares with the exclusion of the option right, pursuant to article 2441, paragraphs 4, 5, 6 and 8 of the Civil Code, the Strike Price and the Exercise Ratio will not be altered;
- 3) scrip issues with the allocation of new Shares, the Strike Price will be reduced and the Exercise Ratio consequently increased;
- 4) share capital reductions for losses through the cancellation of Shares (other than any held by the Company), the Strike Price will be increased and the Exercise Ratio consequently reduced;
- 5) scrip issues without the issue of new Shares or share capital reductions without the cancellation of Shares, the Strike Price and the Exercise Ratio will not be altered;
- 6) mergers or spin-offs in which the Company is not, respectively, the incorporating company or the beneficiary, the Exercise Price and the Strike Price will be consequently altered based on relative share swap and allocation ratios;

6.2 If the Strike Price is amended in accordance with this article, the Acceleration Price shall be consequently adjusted through the adoption of similar criteria.

6.3 If operations are carried out other than those referred to in article 6.1 above, but which may cause similar effects, or if an operation is carried out on the share capital of the Company (including but not limited to the operations indicated in article 6.1 above), which may have significant effects on the terms and conditions of exercising the Warrants, the Board of Directors of the Company may make amendments to these Regulations if deemed necessary or appropriate in order to maintain as far as possible the essential content and purposes of the Regulations, including amendments to the Exercise Ratio and/or Acceleration Price.

7 NOTICES

- 7.1 The Company will issue all notices to holders of Warrants required by these Regulations through publication on its website or by any other means established by law and/or applicable regulations.

8 MISCELLANEOUS

- 8.1 Holding Warrants implies the full acceptance of all terms and conditions in these Regulations.
- 8.2 Subject to article 6.3 above, the Board of Directors of the Company may, at any time, make amendments to these Regulations considered necessary or appropriate, solely for the purposes of: (i) making these Regulations conform to applicable laws and any amendments thereto; and (ii) taking due account of any recommendations or observations made by relevant regulatory, control or supervisory authorities. In this case, the Company will notify the amendments made, according to procedures in article 7 above.
- 8.3 These Regulations are governed by the laws of the Republic of Italy.
- 8.4 Any dispute or ruling that may arise in relation to these Regulations shall be submitted exclusively to the Court of Milan.