

€750,000,000 ISPA SERIES 2 HIGH SPEED RAILWAY FUNDING NOTES DUE 2019

ISIN: IT0003621452 COMMON CODE: 018578735

**ORIGINAL PRICING SUPPLEMENTS UNDER THE €25,000,000,000 ISPA HIGH SPEED
RAILWAY FUNDING NOTE PROGRAMME
AND
RELEVANT FINAL TERMS UNDER THE MTN PROGRAMME OF THE REPUBLIC OF
ITALY**

€750,000,000 ISPA SERIES 2 HIGH SPEED RAILWAY FUNDING NOTES DUE 2019

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**PRICING SUPPLEMENTS AI SENSI DEL €25,000,000,000 ISPA HIGH SPEED RAILWAY
FUNDING NOTE PROGRAMME
E
RELATIVI FINAL TERMS NELL'AMBITO DEL PROGRAMMA DI
EMISSIONE INTERNAZIONALE DELLA REPUBBLICA ITALIANA**

EXECUTION COPY

INFRASTRUTTURE S.p.A.

€25,000,000,000 ISPA HIGH SPEED RAILWAY FUNDING NOTE PROGRAMME

€750,000,000 ISPA SERIES 2 HIGH SPEED RAILWAY FUNDING NOTES DUE 2019

PRICING SUPPLEMENT

Managers

**MCC S.p.A. - Capitalia Gruppo Bancario
Morgan Stanley & Co. International Limited
UBS Limited**

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Pricing Supplement dated 5 February 2004

Infrastrutture S.p.A.

Issue of

€750,000,000 ISPA Series 2 High Speed Railway Funding Notes due 2019

under the

€25,000,000,000 ISPA High Speed Railway Funding Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes set out in the Offering Circular dated 29 January 2004. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular.

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|----|---|---|
| 1. | Issuer: | Infrastrutture S.p.A. |
| 2. | Series Number: | 2 |
| | If fungible with an existing Series, details of the Series, including the date on which the Notes become fungible: | Not Applicable |
| 3. | Specified Currency or Currencies: | Euro |
| 4. | Aggregate Nominal Amount: | Euro 750,000,000 |
| | If fungible with an existing Series, Aggregate Nominal Amount of Series taking into account the Notes being issued: | Not Applicable |
| | Aggregate nominal amount in Euro and rate of exchange/method of calculating same: | Not Applicable |
| 5. | Issue Price: | 97.368 per cent of the Aggregate Nominal Amount |
| | Financing Proceeds: | Euro 750,000,000.00 |
| | of which Cash Reserve Amount: | Euro 8,339,135.23 |
| | of which Liquidity Facility Reserve: | Not Applicable |
| | of which Expenses Retention Amount: | Euro 15,000.00 |
| | Refinancing Proceeds | Not Applicable |
| | Net Proceeds (based on the Issue Price and after deduction of Managers' commissions): | Euro 728,982,045.00 |
| 6. | Specified Denomination: | Euro 1,000 |

- | | | |
|-----|--|---|
| 7. | Issue Date:
Interest Commencement Date | 6 February 2004
6 February 2004 |
| 8. | Final Maturity Date: | 31 July 2019 |
| 9. | Interest Basis: | Index linked interest (<i>Further details specified below</i>) |
| 10. | Redemption/Payment Basis: | |
| | (i) Redemption basis | Index linked redemption (<i>Further details specified below</i>) |
| | (ii) Amortising Notes | Not Applicable |
| | (iii) Bullet Notes | Applicable |
| | – Scheduled Maturity Date | 31 July 2019 |
| 11. | Listing: | Application has been made for the Notes to be listed on the Luxembourg Stock Exchange |
| 12. | Method of distribution: | Syndicated |
| 13. | Ratings: | AA/Aa2/AA (by Fitch, Moody's and S&P, respectively) |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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|-----|--------------------------------------|----------------|
| 14. | Fixed Rate Note Provisions | Not Applicable |
| 15. | Floating Rate Note Provisions | Not Applicable |
| 16. | Index Linked Note Provisions | Applicable |

(i) Index/Formula:

The Rate of Interest for each Interest Period will be a percentage rate, as calculated by the Principal Paying Agent in its sole discretion, which is equal to the following:

2.25 per cent. per annum x Inflation Index Ratio

"Inflation Index Ratio" means the ratio between the Daily Inflation Reference Index on the 31 July immediately following the Valuation Date, as calculated on the Valuation Date, and the Daily Inflation Reference Index on 6 February 2004 (being 121.80000). The Inflation Index Ratio will be truncated to the sixth decimal place and then rounded to the fifth decimal place.

"Valuation Date" means, in respect of any Interest Period, the 20th of June in the year on which such Interest Period ends, or, if such day is not a Business Day, the preceding Business Day (in each case, as such term is defined in the Credit Facility Agreement).

"Daily Inflation Reference Index" or **"DIRI"** means, for any day (D) in any given month (M), the linear interpolation of the monthly Inflation Index for months M-3 and M-2 expressed by reference to a base of 100, in accordance with the following formula:

$$DIRI = Inflation Index_{M-3} + (Inflation Index_{M-2} - Inflation Index_{M-3}) \times (D-1)/NDM$$

Where:

D = actual number of days since the start of the relevant month M

NDM = number of days in the relevant month M

Inflation Index $M-3$ = the Inflation Index for month M-3

Inflation Index $M-2$ = the Inflation Index for month M-2

The Daily Inflation Reference Index will be truncated to the sixth decimal place and then rounded to the fifth decimal place.

The Daily Inflation Reference Index is determined on the basis of the first publication of the Inflation Index, notwithstanding any subsequent revisions thereto. The revised value of the Inflation Index will be taken into account for the purposes of determining the Daily Inflation Reference Index for the month following the official announcement of the revision.

"Inflation Index" means the *Indice Nazionale dei Prezzi al Consumo per le Famiglie di Operai e Impiegati al Netto dei Consumi di Tabacchi*, or such other index replacing it from time to time, as calculated by the Italian Central Statistics Institute ("ISTAT"), or such other entity replacing ISTAT from time to time.

(ii) Party responsible for calculating the Index/Formula:

Principal Paying Agent

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- (iii) Provisions for determining coupon where calculation by reference to Index is impossible or impracticable:

If the Inflation Index for a particular month P is not published on or before the relevant Valuation Date, a substitute index shall be used being determined in accordance with the following formula:

$$\text{Substitute Index}_P = \text{Inflation Index}_{P-1} \times (\text{Inflation Index}_{P-1} / \text{Inflation Index}_{P-13})^{1/12}$$

Where:

P = the month for which no Inflation Index is published and for which a substitute index must therefore be determined by extrapolation.

Inflation Index_{P-1} = the Inflation Index for month P-1

Inflation Index_{P-13} = the Inflation Index for month P-13

Upon publication of the relevant Inflation Index, such index will apply from the day following its publication (and the substitute index will from this day cease to apply).

- (iv) Index Linked Payment Dates:

31 July in each year (payable annually in arrear). The first Index Linked Payment Date will be 31 July 2004. There will be a short first Interest Period from and including the Issue Date to but excluding 31 July 2004. If an Index Linked Payment Date is not a Business Day, Noteholders will not be entitled to payment of the relevant amount until the immediately following Business Day. There will be no increase or decrease to the amount payable to Noteholders as a consequence of such delay in payment as a result of the due date not being a Business Day.

(v) Index Linked Interest Commencement Date:	6 February 2004
(vi) Interest Determination Date(s):	Each Valuation Date.
(vii) Business Day Convention:	Not applicable
(viii) Business Centre(s):	Not Applicable
(ix) Day Count Fraction:	Actual/Actual (ISMA)
(x) Minimum Rate of Interest:	Not applicable
(x) Maximum Rate of Interest:	Not applicable
(xi) Provisions for accrual of interest and application of Index/Formula following Scheduled Maturity Date or service of a Trigger Notice.	There will be no adjustment to the interest rate applied as a result of changes to the Inflation Index Ratio after the Scheduled Maturity Date or after the service of a Trigger Notice.

PROVISIONS RELATING TO REDEMPTION

17. **Fixed Redemption Amount of each Note:** Euro 1,000 per Note of Euro 1,000 specified denomination, multiplied by the Inflation Index Ratio, as determined on the Valuation Date immediately preceding the Final Maturity Date or, where such Inflation Index Ratio is lower than one, the full notional amount of such Note, and the Principal Amount Outstanding on and following the Final Maturity Date shall be reduced by the value of any principal payments made in relation to such Note on or after the Final Maturity Date. There will be no adjustment to the Principal Amount Outstanding as a result of changes to the Inflation Index Ratio after the Final Maturity Date.
18. **Early Redemption Amount**

Early redemption amount(s) of each Note payable upon Trigger Notice and/or the method of calculating the same (if required or if different from that set out in the Conditions):

Euro 1,000 per Note of Euro 1,000 specified denomination together with interest accrued but unpaid, in each case multiplied by the Inflation Index Ratio, calculated as at the date on which the Trigger Notice is served or, where such Inflation Index Ratio is lower than one, the full notional amount of such Note together with interest accrued but unpaid. There will be no adjustment to the Principal Amount Outstanding as a result of changes to the Inflation Index Ratio after the date on which the Trigger Notice is served.

19. **Early Redemption of a Series of Notes** Not Applicable

20. **Early Partial Redemption** Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21. **Form of Notes:** The Notes will be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli for the account of the relevant Monte Titoli Accountholders. The Notes have been accepted for clearance by Monte Titoli with effect from their Issue Date. The Notes will at all times be held in book entry form and title to the Notes will be evidenced by book entries in accordance with the provision of Legislative Decree No. 213 and CONSOB Resolution No. 11768. No physical document of title will be issued in respect of the Notes.

22. **Financial Centre(s) or other special provisions relating to Payment Dates:** Not Applicable

- | | |
|---|---|
| 23. Other terms or special conditions: | A significant portion of the Notes have been retained by certain of the Managers for future sale. |
| 24. Additional Reserve Provisions | Not Applicable |

DISTRIBUTION

- | | |
|--|---|
| 25. If syndicated, names of Managers: | MCC S.p.A. - Capitalia Gruppo Bancario
Morgan Stanley & Co. International Limited
UBS Limited |
| Stabilising Manager (if any) and Lead Manager: | Morgan Stanley & Co. International Limited |
| 26. If non-syndicated, name of Dealer: | Not Applicable |
| 27. TEFRA: | Not Applicable |
| 28. Additional selling restrictions: | Not Applicable |

OPERATIONAL INFORMATION

- | | |
|---|---------------------------------------|
| 29. ISIN Code: | IT0003621452 |
| 30. Common Code: | 018578735 |
| 31. Any clearing system(s) other than Monte Titoli, Euroclear and Clearstream, Luxembourg and the relevant identification number(s): | Not Applicable |
| 32. Delivery: | Delivery free of payment |
| 33. Additional Paying Agent(s) (if any): | Not Applicable |
| 34. Hedging Counterparties (if any): | Not Applicable |
| 35. Liquidity Facility Provider (if any) | Not Applicable |
| 36. Reference Banks (if different from Condition 10.5) | Not Applicable |
| 37. Rounding (if different from Condition 20) | As described in paragraph 16(i) above |

38. **Redenomination, Renominalisation and Reconventioning pursuant to Condition 21** Not Applicable

DETAILS OF PROJECT LOAN TRANCHE

The details of the Project Loan Tranche to be financed by the proceeds of the Notes are described in Schedule 2 hereto.

LISTING APPLICATION

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the €25,000,000,000 ISPA High Speed Railway Funding Note Programme of Infrastrutture S.p.A..

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of

Infrastrutture S.p.A.

By:


(duly authorised)

Schedule 1

Schedule of Amortisation

Not Applicable

Schedule 2

Details of Project Loan Tranche being financed or refinanced by issue of Notes

THIS PROJECT LOAN TRANCHE ANNEX No. 2 is made on 5 February 2004

BETWEEN

RETE FERROVIARIA ITALIANA S.p.A., a company incorporated under the laws of the Republic of Italy as a *società per azioni*, with registered office at Piazza della Croce Rossa no. 1, 00161 Rome (Italy), stock capital €23,822,367,060 (fully paid in), fiscal code and registered with the *Registro delle Imprese* of Rome under no. 01585570581, a company subject to the direction and co-ordination of Ferrovie dello Stato S.p.A., pursuant to Article 2497-sexies of the Italian Civil Code and to Italian Legislative Decree No. 188/2003;

TRENO ALTA VELOCITA' - T.A.V. S.p.A., a company incorporated under the laws of the Republic of Italy as a *società per azioni*, with registered office at Via Mantova no. 24, 00198 Rome (Italy), stock capital €5,228,072,934 (fully paid in), fiscal code no. 04131961007 and registered with the *Registro delle Imprese* of Rome under no. 734000, a company subject to the direction and co-ordination of Rete Ferroviaria Italiana S.p.A., Ferrovie dello Stato group; and

INFRASTRUTTURE S.p.A., a company incorporated under the laws of the Republic of Italy as a *società per azioni*, with registered office at Via Goito no. 4, 00185 Rome (Italy), stock capital €10,000,000 (fully paid in), fiscal code and registered with the *Registro delle Imprese* of Rome under no. 0730398100, enrolled with No. 34960 in the register kept by *Ufficio Italiano dei Cambi* under Article 106 of Legislative Decree No. 385 of 1 September 1993 and registered in the special register kept by the Bank of Italy under Article 107 of the Banking Act.

1. We refer to the agreement (the "**Credit Facility Agreement**") dated 23 December 2003 and made between Treno Alta Velocità - T.A.V. S.p.A. as Borrower and Rete Ferroviaria Italiana S.p.A. as Borrower and Credit Facility Guarantor and Infrastrutture S.p.A. as Lender and Project Facility Manager. Terms defined in the Credit Facility Agreement shall have the same meaning when used in this Project Loan Tranche Annex.
2. Pursuant to Clause 2.4 (*Drawdown of Advances under the Project Loan Tranches*) of the Credit Facility Agreement the Parties wish to set out the following additional terms in relation to the Project Loan Tranche No. 2:

Identification of Relevant Notes: €750,000,000 Series 2 ISPA High Speed Railway Funding Notes due 2019

Refinancing Deadline: In respect of the €750,000,000 Series 2 ISPA High Speed Railway Funding Notes due 2019: 9 September 2018.

In respect of any further Relevant Notes

or Relevant Funding Loan issued or borrowed to refinance the €750,000,000 Series 2 ISPA High Speed Railway Funding Notes due 2019 or any further Relevant Notes or Relevant Funding Loan in connection with the Project Loan Tranche No. 2, 9 September of the year preceding the year of final maturity of such Relevant Notes or Relevant Funding Loan.

Project Loan Tranche Total Amount: Euro 750,000,000

Project Loan Tranche Availability Period: The period starting from and including the date on which the Lender is committed to make an Advance to a Borrower under the Project Loan Tranche No. 2 pursuant to the provisions of Clauses 2.5 and 3.1 of the Credit Facility Agreement and ending on (and including) 9 September 2018.

Available Project Loan Tranche Amount: The Project Loan Tranche Total Amount at any time less the aggregate amount of all Advances which have been made under the Project Loan Tranche No. 2 at such time.

Initial Expenses: Euro 21,850,710.93 It is acknowledged that this amount also comprises an issue premium of Euro 19,740,000.00 due from the Borrowers to the Lender to compensate the Lender for the additional financial cost incurred by it in the issuing of the Relevant Notes at a price below par.

Maximum Amount: Euro 2,073,150,552.00

Principal Repayment Plan: Subject to the provisions of the Credit Facility Agreement, principal in respect of each Advance shall be repaid on each Facility Payment Date starting from (and including) the Facility Payment Date falling in 2034 and ending on the Facility Final Maturity Date, as set out in the Annex hereto.

Upon any mandatory prepayment in accordance with Clause 7.3 of the Credit Facility Agreement, the Project Facility Manager will make adjustments to the amount of the future instalments due on each Facility Payment Date *pro rata* to the amounts detailed in the Annex and the Facility Final Maturity Date will not change, except in the event of mandatory prepayment in full of all amounts outstanding under any Advance.

Interest Rate:

See details specified below under "*Index Linked Provisions*".

Provided that,

- (1) in the case of a refinancing of the €750,000,000 Series 2 ISPA High Speed Railway Funding Notes due 2019, the Interest Rate shall be the rate determined by the Project Facility Manager upon consultation with the Borrowers and the Lender (and notified to the Parties to the Credit Facility Agreement) in accordance with Clause 3.4 of the Credit Facility Agreement and such new Interest Rate will apply as of 31 July 2019 (as adjusted in accordance with the applicable business day convention); and
- (2) in the case of a refinancing of any further Relevant Notes or Relevant Funding Loan in connection with Project Loan Tranche No. 2, the Interest Rate shall be the rate determined by the Project Facility Manager upon consultation with the Borrowers and the Lender (and notified to the Parties to the Credit Facility Agreement) in accordance with Clause 3.4 of the Credit Facility Agreement and such new Interest Rate will apply as of the

maturity date of such further Relevant Notes or Relevant Funding Loan (as adjusted in accordance with the applicable business day convention);

provided however that, upon any such refinancing, the Project Facility Manager may determine a floating or index linked interest rate to this Project Loan Tranche only in agreement with the Borrowers and the Lender.

First Payment Amount:

Euro 8,339,135.23

Basis of Accrual:

Interest, commissions and fees in respect of the Project Loan Tranche No. 2 shall be calculated on the following basis:

- (a) where the calculation period is equal to or shorter than the Interest Period during which it falls, the actual number of days in the calculation period divided by the product of (1) the actual number of days in such Interest Period and (2) the number of Interest Periods in any year; and
- (b) where the calculation period is longer than one Interest Period, the sum of:
 - (A) the actual number of days in such calculation period falling in the Interest Period in which it begins divided by the product of (1) the actual number of days in such Interest Period and (2) the number of Interest Periods in any year; and
 - (B) the actual number of days in such calculation period falling in the next Interest

Period divided by the product of (1) the actual number of days in such Interest Period and (2) the number of Interest Periods in any year.

Provided that,

- (3) in the case of a refinancing of the €750,000,000 Series 2 ISPA High Speed Railway Funding Notes due 2019, the basis of accrual applicable as of 31 July 2019 (as adjusted in accordance with the applicable business day convention) shall be the basis determined by the Project Facility Manager (and notified to the Parties to the Credit Facility Agreement) in accordance with Clause 26.1 of the Credit Facility Agreement; and
- (4) in the case of a refinancing of any further Relevant Notes or Relevant Funding Loan in connection with the Project Loan Tranche No. 2, the basis of accrual applicable as of the maturity date of such further Relevant Notes or Relevant Funding Loan (as adjusted in accordance with the applicable business day convention) shall be the basis determined by the Project Facility Manager (and notified to the Parties to the Credit Facility Agreement) in accordance with Clause 26.1 of the Credit Facility Agreement.

Business Day Convention:

The provisions of Clauses 23.5.1 and 23.5.2 of the Credit Facility Agreement will apply without amendments.

Index Linked Provisions:

These Index Linked Provisions will apply until the Facility Payment Date falling in

July 2019.

Interest Rate:

The Interest Rate for each Interest Period will be a percentage rate, as calculated by the Project Facility Manager, which is equal to the following:

2.250 per cent. per annum x Inflation Index Ratio.

There will be no adjustment to the interest rate applied as a result of changes to the Inflation Index Ratio after the Facility Payment Date falling in 2019 or after the service of a trigger notice in respect of the €750,000,000 Series 2 ISPA High Speed Railway Funding Notes due 2019.

Payments of Principal:

Payments of principal under the Project Loan Tranche No. 2 will be subject to adjustment in accordance with the Inflation Index as follows.

The principal amount due on any Facility Payment Date in respect of each Advance (either in the case of a scheduled payment or of a mandatory prepayment pursuant to Clause 7.3 of the Credit Facility Agreement or in the case of an acceleration pursuant to Clause 16 of the Credit Facility Agreement) will be equal to:

- (1) the amount, as calculated by the Project Facility Manager, of the principal amount due on such Facility Payment Date in respect of such Advance (either in the case of a scheduled payment or of a mandatory prepayment pursuant to Clause 7.3 of the Credit Facility Agreement or in the case of an acceleration pursuant to Clause 16

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of the Credit Facility Agreement) multiplied by the Inflation Index Ratio, as determined on the Valuation Date immediately preceding such Facility Payment Date, or

- (2) where such Inflation Index Ratio is lower than one, the full principal amount due on such Facility Payment Date in respect of such Advance (either in the case of a scheduled payment or of a mandatory prepayment pursuant to Clause 7.3 of the Credit Facility Agreement or in the case of an acceleration pursuant to Clause 16 of the Credit Facility Agreement).

There will be no adjustment to the outstanding principal amount of any Advance as a result of changes to the Inflation Index Ratio after the Facility Payment Date falling in 2019 or after the service of a trigger notice in respect of the €750,000,000 Series 2 ISPA High Speed Railway Funding Notes due 2019.

Temporary unavailability of the Inflation Index:

If the Inflation Index for a particular month P is not published on or before the relevant Valuation Date, then a substitute index shall be used, being determined in accordance with the following formula:

$$\text{Substitute Index } P = \text{Inflation Index } P-1 \times (\text{Inflation Index } P-1 / \text{Inflation Index } P-13)^{1/12}$$

Where:

P = the month for which no Inflation Index is published and for which a substitute index must therefore be determined by extrapolation.

Inflation Index $P-1$ = the Inflation Index for month P-1

Inflation Index $P-13$ = the Inflation Index for month P-13

Upon publication of the relevant Inflation Index, such index will apply from the day following its publication (and the substitute index will from this day cease to apply).

Cessation of or fundamental changes to the Inflation Index:

The Parties acknowledge that the Inflation Index applies also to the Relevant Notes and agree that, upon the occurrence of any of the events referred to in Condition 9.5(i) of the terms and conditions of the Relevant Notes (of which the Borrowers hereby confirm to be fully aware):

- (1) the Lender will notify the Obligors of such occurrence;
- (2) the Lender will deliver to the Obligors from time to time all material information, data and documentation obtained or developed by the Lender in the context of the process of making of any adjustment or replacement of the Inflation Index;
- (3) any proposal or acceptance made by the Lender in the negotiation with the representative of the holders of the Relevant Notes contemplated by paragraph (i) of the abovementioned Condition 9.5, shall be previously approved in writing by the Obligors; and
- (4) in any case, the Inflation Index shall be adjusted or replaced by a substitute index, as the case may

be, as determined pursuant to the abovementioned Condition 9.5, which replacement or adjustment will be notified by the Lender to the Project Facility Manager and the Obligors.

Definitions:

"Daily Inflation Reference Index" or "DIRI" means, for any day (D) in any given month (M), the linear interpolation of the monthly Inflation Index for months M-3 and M-2 expressed by reference to a base of 100, in accordance with the following formula:

$$DIRI = Inflation\ Index_{M-3} + (Inflation\ Index_{M-2} - Inflation\ Index_{M-3}) \times (D-1) / NDM$$

Where:

D = actual number of days since the start of the relevant month M

NDM = number of days in the relevant month M

Inflation Index_{M-3} = the Inflation Index for month M-3

Inflation Index_{M-2} = the Inflation Index for month M-2

The Daily Inflation Reference Index will be truncated to the sixth decimal place and then rounded to the fifth decimal place.

The Daily Inflation Reference Index is determined on the basis of the first publication of the Inflation Index, notwithstanding any subsequent revisions thereto. The revised value of the Inflation Index will be taken into account for the purposes of determining the Daily Inflation Reference Index for the month following the official announcement of the revision.

"Inflation Index" means the *Indice Nazionale dei Prezzi al Consumo per le Famiglie di Operai e Impiegati al Netto dei Consumi di Tabacchi*, or such other index replacing it from time to time, as calculated by the Italian Central Statistics Institute ("ISTAT"), or such other entity replacing ISTAT from time to time.

"Inflation Index Ratio" means the ratio between the Daily Inflation Reference Index on the 31 July immediately following the Valuation Date, as calculated on the Valuation Date, and the Daily Inflation Reference Index on 6 February 2004 (being 121.80000). The Inflation Index Ratio will be truncated to the sixth decimal place and then rounded to the fifth decimal place.

"Valuation Date" means, in respect of any Interest Period, the 20 June in the year on which such Interest Period ends, or if such day is not a Business Day, the preceding Business Day.

For the avoidance of doubt, it is acknowledged and agreed that each Valuation Date represents a "*quotation date*" as referred to in Clause 3.1(e), Clause 8.11(d) and Clause 24.2.9 (v) of the Credit Facility Agreement.

Floating Rate Provisions:

Not applicable to the €750,000,000 Series 2 ISPA High Speed Railway Funding Notes due 2019

Quotation Date:

Not applicable to the €750,000,000 Series 2 ISPA High Speed Railway Funding Notes due 2019

Additional Conditions Precedent:

Not applicable to the €750,000,000 Series 2 ISPA High Speed Railway Funding Notes due 2019

Additional Representations:

TAV hereby represents to the Lender that FS, in January 2004, has lent to TAV the

amount of Euro 67,000,000.00 which has been utilised in full by TAV for the financing of the Project. (the "**FS Loan Amount**")

Additional Covenants:

Not applicable to the €750,000,000 Series 2 ISPA High Speed Railway Funding Notes due 2019

Additional Provisions:

Purpose and Application of the Facility

The Parties acknowledge and agree that the proceeds of the first Advance under this Project Loan Tranche may be utilised by TAV, *inter alia*, to repay the FS Loan Amount to FS. The Drawdown Notice in respect of such Advance shall be adjusted accordingly.

Split of Project Loan Tranche No. 2

For the avoidance of doubt, it is acknowledged that, in the event that the Project Loan Tranche No. 2 is divided into two or more Project Loan Tranches in accordance with Clause 4.4 of the Credit Facility Agreement, a new Project Loan Tranche Annex will be entered into in respect of each Project Loan Tranche resulting from such split.

Amendments to this Project Loan Tranche Annex

Upon any further Relevant Notes or Relevant Funding Loan issued or borrowed to refinance the €750,000,000 Series 2 ISPA High Speed Railway Funding Notes due 2019 or any further Relevant Notes or Relevant Funding Loan in connection with the Project Loan Tranche No. 2, this Project Loan Tranche Annex and the Principal Repayment Plan shall be modified as agreed by the Parties and such modification to be notified to the rating agencies then rating any Notes.

Conditions Precedent to the first Advance

Without prejudice to the other provisions of Clause 3.2 of the Credit Facility Agreement, the first Advance under the Project Loan Tranche No. 2 will be made notwithstanding the time limits imposed in Clause 3.2.1 and Clause 3.2.2 of the Credit Facility Agreement.

Acknowledgements

The Parties acknowledge that (i) the monies drawn down under the Bridge Credit Facility Agreement have been used by TAV, *inter alia*, to finance the design and construction of the Florence Junction; (ii) Advances may be drawn down under this Project Loan Tranche Annex in order to finance the design and construction of the Florence Junction; and (iii) upon transfer of the Florence Junction to RFI from TAV, together with the related assets and liabilities (including the liabilities related to the Advances drawn down in respect of such Junction), Clause 25.4.2 of the Credit Facility Agreement will apply and the word "Transfer", as used in such clause, shall be construed so as to include the transfer of the Florence Junction as described above.

3. The Parties confirm that neither the Interest Rate nor the Default Interest applicable to any Advance to be drawn under the Project Loan Tranche No. 2 exceed on the date hereof the maximum rate currently permitted by Italian Usury Law.
4. This Project Loan Tranche Annex will supplement and constitute an integral part of the Credit Facility Agreement.

This Project Loan Tranche Annex is governed by, and shall be construed in accordance with, Italian law.

Each Party agrees for the benefit of the other parties that the courts of Rome shall have exclusive jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Project Loan Tranche Annex and, for such purposes, irrevocably submits to the jurisdiction of such courts.

This Project Loan Tranche Annex is exempt from registration tax and stamp duty as well as from any other indirect taxes pursuant to paragraph 10 of Article 8 of Law Decree No. 63 of 15 April 2002 converted, with amendments, into Law No. 112 of 2002, as subsequently amended by Law Decree No. 269 of 30 September 2003, converted with amendments, into Law No. 326 of 24 November 2003.

This Project Loan Tranche Annex is executed in three originals, one for each Party.

ANNEX

Each Advance will be repaid in instalments on each Facility Payment Date starting from the Facility Payment Date falling in year 2034 up to the Facility Final Maturity Date, in accordance with the following plan, which assumes drawdown in full of the Project Loan Tranche Total Amount:

Facility Payment Date	Principal nominal instalment amount
20 July 2034	€26,785,714.29
20 July 2035	€26,785,714.29
20 July 2036	€26,785,714.29
20 July 2037	€26,785,714.29
20 July 2038	€26,785,714.29
20 July 2039	€26,785,714.29
20 July 2040	€26,785,714.29
20 July 2041	€26,785,714.29
20 July 2042	€26,785,714.29
20 July 2043	€26,785,714.29
20 July 2044	€26,785,714.29
20 July 2045	€26,785,714.29
20 July 2046	€26,785,714.29
20 July 2047	€26,785,714.29
20 July 2048	€26,785,714.29
20 July 2049	€26,785,714.29
20 July 2050	€26,785,714.29
20 July 2051	€26,785,714.29
20 July 2052	€26,785,714.29
20 July 2053	€26,785,714.29
20 July 2054	€26,785,714.29
20 July 2055	€26,785,714.29

20 July 2056	€26,785,714.29
20 July 2057	€26,785,714.29
20 July 2058	€26,785,714.29
20 July 2059	€26,785,714.29
20 July 2060	€26,785,714.28
20 July 2061	€26,785,714.29

SIGNATURES

Rete Ferroviaria Italiana S.p.A.

as Borrower and Credit Facility Guarantor

By:

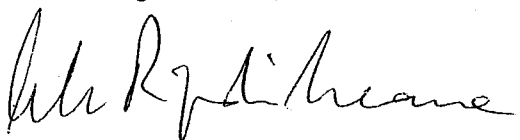
Treno Alta Velocità - T.A.V. S.p.A.

as Borrower

By:

Infrastrutture S.p.A.

as Lender and Project Facility Manager

By: 

Schedule 3

Details of Hedging Agreement(s)

Not Applicable

Ad

Schedule 4

Details of Liquidity Facility Agreement(s)

Not Applicable

FINAL TERMS

Series No.: []

Tranche No.: []

Republic of Italy

U.S. \$56,000,000,000

Programme for the Issuance of Debt Instruments

Issue of

EUR 750,000,000 Inflation Linked Instruments due 2019

The Instruments constitute direct, unconditional and general obligations of the issuer and rank *pari passu* among themselves and equally with all other unsecured External Indebtedness (as defined in the Simplified Base Prospectus dated 21 March 2007 (the "**Base Prospectus**") in relation to the Programme) of the Issuer.

These Final Terms (as referred to in the Base Prospectus) relates to the Tranche of Instruments referred to above, contains the final terms and conditions of the Instruments and should be read in conjunction with the Base Prospectus dated 21 March 2007.

From the dated hereof, these Final Terms replace and constitute the terms and conditions of the Euro 750,000,000 Inflation Linked notes due 2019 issued by Infrastrutture S.p.A. on 6 February 2004, under its Euro 25,000,000,000 ISPA High Speed Railway Funding Note Programme dated 29 January 2004 (the "**ISPA Programme**"), further to the joint meeting of all holders of the notes issued by Infrastrutture S.p.A. (as merged by way of incorporation by operation of law in Cassa depositi e prestiti S.p.A.) under the ISPA Programme having approved on [●] 2007 the full replacement of (i) the terms and conditions of the ISPA Programme with the terms and conditions contained in the Base Prospectus, (ii) the rules governing the meeting of the holders of the notes issued under the ISPA Programme with the provisions for meetings of holders of the Instruments issued under the Programme as scheduled to the agency agreement relating thereto, and (iii) each pricing supplement relating to a series of notes issued under ISPA Programme with corresponding Final Terms, in each case with acceptance of any differences between the conditions, the rules and pricing supplement relating to the said notes issued by Infrastrutture S.p.A. and, respectively, terms and conditions incorporated under the Base Prospectus, the rules governing meetings scheduled to the agency agreement of the Programme and the relevant Final Terms.

The particulars to be specified in relation to such Tranche are as follows:

1. Issuer: Republic of Italy

2.	Arranger:	N/A
3.	Relevant Dealer/Lead Manager:	Morgan Stanley & Co International Plc
4.	Syndicated:	Yes
5.	Other Dealers/Managers (if any):	MCC S.p.A. – Capitalia Gruppo Bancario Morgan Stanley & Co International Plc UBS Limited
6.	Status:	Unsubordinated
7.	Currency:	
	- of Denomination	Euro (“EUR”)
	- of Payment (Condition 1.10)	EUR
8.	Aggregate Principal Amount:	
	(i) Series	EUR 750,000,000
	(ii) Tranche	EUR 750,000,000
9.	If interchangeable with existing Series:	No
10.	Issue Date:	6 February 2004
11.	Issue Price:	97.368 per cent. of the Aggregate Principal Amount of the Tranche
12.	Commission Payable:	EUR 1,275,000.00
13.	Selling Concession:	None
14.	Expenses:	None
15.	(a) Form of Instruments:	The Instruments will be held in dematerialised form on behalf of the beneficial owners, until redemption or cancellation thereof, by Monte Titoli S.p.A. for the account of the relevant Monte Titoli Account Holders. The Instruments have been accepted for clearance by Monte Titoli S.p.A. with effect from their Issue Date. The Instruments will at all times be held in

book entry form and title to the Instruments will be evidenced by book entries in accordance with the provision of Italian Legislative Decree No. 213 of 24 June 1998 and CONSOB Resolution No. 11768 of 28 December 1998, as amended. No physical document of title will be issued in respect of the Instruments. The expression "Monte Titoli Account Holders" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli S.p.A. and includes any depository banks appointed by Euroclear Bank S.A./N.V. as operator of the Euroclear System and Clearstream Banking, société anonyme, Luxembourg

- (b) Bearer Instruments No
exchangeable for Registered
Instruments:

16. If issued in Bearer form:

- (a) Initially represented by a Not Applicable
Temporary Global Instrument
or Permanent Global
Instrument:
(Condition 1.2)
- (b) Temporary Global Instrument No
exchangeable for Definitive
Instruments:
- (c) Permanent Global Instrument No
exchangeable at the option of
the bearer for Definitive
Instruments:
(Condition 1.5)
- (d) Talons for future Coupons to be No
attached to Definitive
Instruments:
(Condition 1.6)
- (e) Receipts to be attached to No
Instalment Instruments which

are Definitive Instruments:
(Condition 1.7)

- (f) Definitive Instruments to be in IPMA or successors format: Not Applicable
17. New Global Note form: Not Applicable
18. Denomination(s): EUR 1,000
(Condition 1.8 or 1.9)
19. Partly Paid Instruments: No
(Condition 1.11)
20. If issued in Registered Form:
- Registrar: Not Applicable
(Condition 2.2)
21. Interest: Interest bearing
(Condition 5)
22. Interest Rate: See Annex
(Condition 5.2)

FIXED RATE INSTRUMENT PROVISIONS Not Applicable

FLOATING RATE INSTRUMENT PROVISIONS Not Applicable

PROVISIONS RELATING TO REDEMPTION

23. Maturity Date: 31 July 2019
(Condition 6.1)
24. Dates for payment of Instalment Amounts (Instalment Instruments): Not Applicable
(Condition 6.1)
25. Maturity Redemption Amount: See Annex
(Condition 6.1)
26. Instalment Amounts: Not Applicable
(Condition 6.1)
27. Optional Early Redemption (Call):
(Condition 6.3)
28. Optional Early Redemption (Put): No

	(Condition 6.6)	
29.	Events of Default (Condition 7.1):	
	(a) Early Termination Amount:	See Annex
	(b) Any additional (or modifications to) Events of Default:	None
30.	Payments: (Condition 9)	Not Applicable
	(a) Unmatured Coupons missing upon Early Redemption:	
31.	Replacement of Instruments: (Condition 12)	Not Applicable
32.	Notices: (Condition 14)	Notices in relation to the Instruments will be given through the Monte Titoli S.p.A. system as well as on the web page of the Luxembourg Stock Exchange (www.bourse.lu)
33.	Listing:	Luxembourg
DISTRIBUTION		
34.	Selling Restrictions:	Not Applicable
	Other:	None
35.	Stabilising Manager(s):	Not Applicable
36.	If syndicated, names of Managers:	MCC S.p.A. – Capitalia Gruppo Bancario Morgan Stanley & Co International Limited UBS Limited
37.	If non-syndicated, name of Dealer:	Not Applicable
38.	ISIN:	IT0003621452

39. Common Code: 018578735
40. New Global Note intended to be held in a manner which would allow Eurosystem eligibility: Not Applicable
41. Common Depositary: Not Applicable
42. Any Clearing System other than Euroclear and Clearstream, Luxembourg: Monte Titoli S.p.A.
43. Settlement Procedures: Delivery free of payment
44. Other Relevant Terms and Conditions: See Annex

LISTING APPLICATION

These are the Final Terms required to list the issue of Instruments pursuant to the U.S. \$56,000,000,000 Debt Issuance Programme of The Republic of Italy.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

CONFIRMED

REPUBLIC OF ITALY

By:
Authorised Signatory

Date:

ANNEX

(This Annex forms part of the Final Terms to which it is attached)

Index Linked Provision

Interest Payment Dates (or if the Applicable Business Day Convention is the FRN Convention) Interest Period: 31 July in each year (payable annually in arrear). The first Interest Payment Date will be 31 July 2004. There will be a short first Interest Period from and including the Issue Date to but excluding 31 July 2004. If an Interest Payment Date is not a Business Day, Holders of the Instruments will not be entitled to payment of the relevant amount until the immediately following Business Day. There will be no increase or decrease to the amount payable to holders of the Instruments as a consequence of such delay in payment as a result of the due date not being a Business Day.

Applicable Business Day Convention:

- for Interest Payment Dates: Following Business Day Convention
- for Interest Period End Dates: No Adjustment
- for Maturity Date: Following Business Day Convention
- any other date: Not Applicable

Day Count Fraction: Actual/Actual (ICMA)
(Condition 5.9)

Interest Determination Date: Each Valuation Date
(Condition 5.9)

Calculation Agent: The Bank of New York (Luxembourg) S.A.
(Condition 5.9)

Interest Rate:

The Instruments shall bear interest on the Outstanding Principal Amount from (and including) 6 February 2004 (the “**Interest Commencement Date**”) to (but excluding) the first Interest Payment Date which will be 31 July 2004 (short first coupon) and thereafter from (and including) each Interest Payment Date to (but excluding) the next following Interest Payment Date. Interest on the Instrument shall be payable on each Interest Payment Date.

The Interest Rate for each Interest Period will be a percentage rate, as calculated by the Calculation Agent in accordance with the following formula:

$$\text{Interest Rate} = 2.25 \text{ per cent per annum} \times \text{Inflation Index Ratio}$$

Maturity Redemption Amount:

The Maturity Redemption Amount per Denomination will be payable on the Maturity Date and will be determined by the Calculation Agent in accordance with the following formula:

(i) If on the Valuation Date immediately preceding the Maturity Date the Inflation Index Ratio is greater than or equal to one:

$$\text{Maturity Redemption Amount} = \text{Inflation Index Ratio} \times \text{Denomination}$$

(ii) If on the Valuation Date immediately preceding the Maturity Date the Inflation Index Ratio is less than one:

$$\text{Maturity Redemption Amount} = \text{Denomination}$$

Early Termination Amount

The Early Termination Amount will be Euro 1,000 per Instrument of Euro 1,000 specified denomination together with interest accrued but unpaid, in each case multiplied by the Inflation Linked Ratio calculated as at the date on which a notice is sent to the Issuer in accordance with Condition 7.2 or, where such Inflation Index Ratio is lower than one, the full notional amount of the Instrument together with interest accrued and unpaid. There will be no adjustment to the Outstanding Principal Amount as a result of changes to the Inflation Index Ratio after the date on which the above notice to the Issuer is served.

Definitions:

For the purposes of these Final Terms:

“**Daily Inflation Reference Index**” or “**DIRI**” means, for any calendar day (“**D**”) in any given month (“**M**”), the linear interpolation of the monthly Inflation Index for months M-3 and M-2 expressed by reference to a base of 100, in accordance with the following formula:

$$\text{DIRI} = \text{Inflation Index}_{\text{M-3}} + (\text{Inflation Index}_{\text{M-2}} - \text{Inflation Index}_{\text{M-3}}) \times (\text{D}-1) / \text{NDM}$$

Where,

“**D**” means the actual number of calendar days since the start of the relevant month M

“**NDM**” means the number of days in the relevant month M

“**Inflation Index**_{M-3}” means the Inflation Index for month M-3

“Inflation Index_{M-2}” means the Inflation Index for month _{M-2}

“Inflation Index” means the Indice Nazionale dei Prezzi al Consumo per le Famiglie di Operai e Impiegati al Netto dei Consumi di Tabacchi, or such other index replacing it from time to time, as calculated by the Italian Central Statistics Institute (“ISTAT”), or such other entity replacing ISTAT from time to time.

The Daily Inflation Reference Index and the Inflation Index Ratio will be truncated to the sixth decimal place and then rounded to the fifth decimal place.

The Daily Inflation Reference Index is determined on the basis of the first publication of the Inflation Index, notwithstanding any subsequent revisions thereto. The revised value of the Inflation Index will be taken into account for the purposes of determining the Daily Inflation Reference Index for the month following the official announcement of the revision.

If the Inflation Index for a particular month P is not published on or before the relevant Valuation Date, a substitute index shall be determined by the Calculation Agent in accordance with the following formula:

$$\text{Substitute Index}_P = \text{Index}_{P-1} \times [(\text{Inflation Index}_{P-1}) / \text{Inflation Index}_{P-13}]^{1/12}$$

Where,

“P” means the month for which no Inflation Index is published and for which a substitute index must therefore be determined by extrapolation.

“Index_{P-1}” means the Inflation Index for the month P-1

“Index_{P-13}” means the Inflation Index for the month P-13

The relevant Inflation Index will apply from the day following its publication and consequently, the Substitute Index will cease to apply from the date following the publication of the relevant Inflation Index).

“Inflation Index Ratio” means the ratio between the Daily Inflation Reference Index on the 31 July immediately following the Valuation Date, as calculated on the Valuation Date, and the Daily Inflation Reference Index on 6 February 2004 (being 121.80000).

“Valuation Date” means, in respect of any Interest Period, the 20th of June in the year on which such Interest Period ends, or, if such day is not a Business Day, the preceding Business Day.

Index Adjustments:

- (a) If the Inflation Index is not calculated and announced by Eurostat, but is calculated and announced by another authority approved by the European Union (the “New Sponsor”), then the Inflation Index as so calculated and announced by the New Sponsor will be deemed to be the Inflation Index.

- (b) If the Inflation Index is replaced by a Successor Index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Inflation Index (the “Successor Index”) and such Successor Index is reasonably acceptable to the Calculation Agent, then the Successor Index will be deemed to be the Inflation Index.
- (c) If (i) on or prior to any Interest Determination Date, Eurostat announces that it will make a material change in the formula for or the method of calculating the Inflation Index or in any other way materially modifies the index (other than a modification prescribed in that formula or method to maintain that index upon the occurrence of routine events) or permanently cancels that index and no Successor Index exists or (ii) on any Interest Determination Date, Eurostat fails to calculate and announce the Inflation Index, then the Calculation Agent shall determine if such event has a material effect on the determination of the Rate of Interest and, if so, shall calculate the Rate of Interest using, in lieu of the published Inflation Index, the level for that index as at the Interest Determination Date as determined by the Calculation Agent in accordance with the formula for and method of calculating that index last in effect prior to the change, failure of cancellation.