REPORT OF THE BOARD OF DIRECTORS OF MAIRE TECNIMONT S.P.A. ON THE PROPOSALS RELATING TO THE MATTERS ON THE AGENDA OF THE EXTRAORDINARY SHAREHOLDERS' MEETING OF MAIRE TECNIMONT S.P.A. CONVENED FOR 30 APRIL 2014, ON FIRST CALL, AND 2 MAY 2014, ON SECOND CALL

Pursuant to art. 2441 6 Civil Code, art. 125-ter of Legislative Decree no. 58/1998 and art. 72 and in accordance with Annex 3A of Consob Regulation no. 11971/1999, as amended and supplemented.

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The documentation related to the offering of Bonds will not be subject to approval by Consob pursuant to the applicable legislation and therefore the Bonds may not be offered, sold or distributed publicly in the territory of the Republic of Italy, except to qualified investors as defined under article 100 letter a) of Legislative Decree no. 58 of 24 February 1998, as amended, and pursuant to article 34-ter, first paragraph, letter b) of Consob Regulation no. 11971 of 14 May 1999 as amended from time to time.

There will be no offer of sale to the public of securities or solicitation to buy securities in any Country in which such offer or solicitation would be prohibited under the law. The securities have not been and shall not be subject to registration under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States without registration or appropriate exemption from registration under the same. No public offer of the securities shall be made in the United States of America or any other Country.

The Bonds are offered only to qualified investors as defined in Directive 2003/71/EC, as amended by Directive 2010/73/EU ("Prospectus Directive"), and in accordance with the respective laws of each Country in which the Bonds shall be offered.

It is assumed from the outset that if the offer of the Bonds is made to an investor as a financial intermediary as defined under article 3 (2) of the Prospectus Directive, such investor has stated and agreed not to purchase the Bonds on behalf of parties within the European Union other than qualified investors or parties in the UK or in other Member States (where similar legislation is in force) against which the investor has the power to make decisions on an entirely discretionary basis, and to not purchase the Bonds for offer or resale within the European Union where this act would require the publication of a prospectus pursuant to article 3 of the Prospectus Directive.

First item on the agenda:

Authorisation to the convertibility, in accordance with Art. 2420-bis, paragraph 1 of the Italian Civil Code, of the* equity-linked *debenture Notes, issued by the Company and named* “€80 million 5.75 per cent. Unsecured Equity-Linked Bonds due 2019”, *and related divisible share capital increase in exchange for cash payment, exclusively for the purpose of its conversion, excluding shareholder pre-emption rights pursuant to art. 2441, paragraph 5 of the Italian Civil Code, for a total maximum amount of Euro 80,000,000.00 (including the premium). Related and consequential resolutions.

Dear Shareholders,

the Board of Directors of Maire Tecnimont S.p.A. (“**Maire Tecnimont**” o “the **Company**”) has decided to convene an Extraordinary Meeting to submit for your approval the proposal to authorize the convertibility into shares of the Company of the *equity linked* Notes for a total nominal amount of Euro 80 million, with duration of 5 years, reserved to qualified investors, named “*€80 million 5.75 per cent. Unsecured Equity-Linked Bonds due 2019*”, placed on 13 February 2014 (the “**Notes**”) and for effect to approve a divisible share capital increase in instalments for cash, exclusively for the purpose of its conversion, excluding shareholder pre-emption rights pursuant to art. 2441, paragraph 5 of the Italian Civil Code, for a total maximum amount of Euro 80,000,000.00 (including the premium), to be paid in one or more tranches by issuing up to 36,533,017 ordinary shares of the Company having the same characteristics of the ordinary shares in issue (the “**Capital Increase**”).

The proposed Capital Increase is therefore instrumental to allow the Company to convert the Notes, if authorized by the Shareholders, into newly issued shares.

This report is intended to illustrate the proposed Capital Increase pursuant to art. 2441, paragraph 6, Civil Code, art. 125-*ter* Legislative Decree no. 58 of 1998 (Consolidated Act on Financial Intermediation ”TUIF”), as well as art. 72 of the Issuers Regulation adopted by Consob resolution no. 11971 of 1999, as amended (the “**Issuers Regulation**”).

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1. PURPOSE AND ALLOCATION OF THE CAPITAL INCREASE, ALSO IN RELATION TO THE OPERATIONAL PERFORMANCE OF THE COMPANY

The proposed Capital Increase as described above is part of the placement of the bonds stemming from the Notes (the **Bonds**”), reserved to qualified investors, both Italian and foreign, with the exception of the United States of America, Canada, Japan, Australia or any other jurisdiction where the offer or sale of Bonds is subject to authorization by local authorities or otherwise prohibited by law.

The issue of the Notes was approved by the Board of Directors on 11 February 2014, and the *pricing* was determined on 13 February 2014, taking into account an initial conversion premium of 35% identified and approved by the Board of Directors on 11 February 2014 in addition to the weighted average market price of the ordinary shares of the Company registered on the MTA between the start and the end of the collection process of orders (so-called *book building*), subject to the provisions of art. 2441, paragraph 6, Civil Code.

Below are the main characteristics and purposes of the Notes and the Capital Increase for the same.

1.1 *Characteristics and purposes of issuance of the Notes*

On 11 February 2014, the Board of Directors approved the issuance of the Notes as well as the main terms and characteristics of the same.

On 13 February 2014, the placement of the Bonds was started by Banca IMI S.p.A. ("**Banca IMI**") and UniCredit Bank AG ("**UniCredit**") as *Joint Bookrunners* and MPS Capital Services Banca per le Imprese S.p.A. ("**MPS**") as *Co-Bookrunner*. The placement was completed on the same date with the subscription of the Notes by national and international qualified investors.

The transaction was settled on 20 February 2014 through the issuance of the Bonds and the payment by the investors of the subscription price. The amount to be issued is equal to Euro 80,000,000.00, inclusive of the *over-allotment option* exercised by the *Joint Bookrunners*.

The placement of the Notes has been targeted to the national and international market of qualified investors in order to enable the Company to benefit from collection on the non-banking capital market of financial means in the medium term, on favourable terms, while ensuring successful outcome of the transaction in a short time.

Moreover, the Notes have been reserved for qualified investors also because of the complexity of the "*equity-linked*" Bonds offered, which, based on their specificities are not destined to investors other than qualified investors and, in particular, to *retail* investors. In fact, they are instruments that are characterized by a strong component of volatility, traded in a market that is structurally inaccessible to *retail* investors for the trading methods and quantities traded. The risk that characterizes the Bonds and the complexity of the contractual documentation regulating them make this investment unsuitable for *retail* investors.

The Notes transaction which the Company decided to execute on 11 February 2014 was aimed to increase the financial flexibility, even taking account of the delay in the disposal of certain *assets* with respect to the time lines provided in the Business Plan 2013-2017 approved on 5 April 2013 and subsequently updated and approved by the Board of Directors on 13 March 2014 ("**the Plan**"), and the uncertainty, typical of the industry in which the Group operates, which characterizes the acquisition timing of the contracts. It should be noted that the Group has completed a major financial and equity reorganization in 2013 and is in the process of implementing a major program of recovery.

Therefore, the bond issue is part of the Plan, constituting an integral part, and - in some ways - functional to the implementation of the Plan itself.

In addition, and not least, the main advantages for the Company resulting from the placement of the Notes shall also include:

- The raising of funds at favourable terms also having regard to the "*equity linked*" characteristics of the Bonds and diversification of funding sources;
- the opportunity to benefit timely from the favourable market conditions through a quick placement with qualified national and international investors.

For all the above reasons, the Board of Directors believes that the transaction in question fully meets the interests of the Company. The funds raised through the placement of the Notes will be used to finance the company's activities, in line with the strategic guidelines set out in the Business Plan 2013-2017, as well as for general corporate purposes. These funds will not be used to repay bank debt.

In order to proceed with the issuance of the Notes it was necessary to obtain from the banks participating in the financial and capital reorganization completed in July 2013 (Banca IMI, Intesa Sanpaolo, Unicredit, Banca Monte dei Paschi di Siena, Cassa di Risparmio di Parma e Piacenza, Banco Santander, Santander Chile and Banco Bilbao Vizcaya Argentaria) waiver to the issuance of the Bonds, as the related contracts include an explicit prohibition to carry out extraordinary transactions, including the issuance of Bonds.

The Company has obtained a *waiver* from all the banks mentioned above.

1.2 *Characteristics and purposes of the Capital Increase*

In the settlement of the Notes (the "**Terms and Conditions**") it is expected that the Bonds may be converted into ordinary shares of the Company, if the Extraordinary Shareholders' Meeting authorizes by 30 June 2014 (so-called *Long-Stop Date*), the convertibility of the Bonds and approves, as a result, a capital increase excluding shareholder pre-emption rights for the conversion.

The Capital Increase for the Notes that is proposed to the Extraordinary Shareholders' Meeting is, therefore, a divisible increase in exchange for cash payment, excluding shareholder pre-emption rights pursuant to art. 2441, paragraph 5 of the Italian Civil Code, for a total maximum amount of Euro 80,000,000.00 (including the premium), to be paid in one or more tranches by issuing up to 36,533,017 ordinary shares of the Company having the same characteristics of the ordinary shares in issue, at a price per share equal to Euro 2.1898 (of which Euro 0.01 to be allocated to capital and Euro 2.1798 as premium), subject to any adjustments to the conversion price as provided in the Notes Terms and Conditions.

This increase will be reserved exclusively and irrevocably for the "*equity linked*" bond for the total amount of Euro 80,000,000, due on 20 February 2019, issued pursuant to the resolution of the Board of Directors of 11 February 2014.

The deadline for subscription of newly-issued shares is set for 20 February 2019 and it is expected that, in the event that at that date the capital increase is not fully subscribed, the same will be considered, however increased by an amount equal to the subscriptions received.

As explained above, the issue of the Notes, the Capital Increase and the transformation of the Bond into convertible Bonds constitute a single transaction which has enabled the Company to provide a means of funding likely to find, in the short term and at favourable conditions, resources from the market of non-bank capital to support the implementation of the strategic guidelines already announced.

Given the unitary nature of the transaction, the reasons underlying the Notes are reflected on the Capital Increase. Therefore, in light of the characteristics, timing and purpose of the transaction considered as a unit, the Board of Directors believes that there is a specific interest of the Company to increase the share capital pursuant to art. 2441, paragraph 5, Civil Code. excluding shareholder pre-emption rights.

2. DESCRIPTION OF THE STRUCTURE OF THE TRANSACTION

2.1 *Features of the Bond*

Pursuant to the resolution of the resolution passed by the Board of Directors of the Company of 11 February 2014, and *pricing* determined on 13 February 2014 and following the placement of the

Bond and pursuant to the Terms and Conditions of the Notes, the Bonds have the following main features:

- Amount: Euro 80,000,000.00 (eighty million);
- Currency: Euro;
- Offered to: qualified investors pursuant to *Regulation S* of the *US Securities Act* of 1933, excluding USA, Australia, Canada and Japan;
- Unit value: Euro 100,000.00 (one hundred thousand) for each Bond;
- Issue price: 100% of the nominal value of each Bond;
- Interest: fixed rate;
- Coupon: 5.75% of the nominal value of the Bond per annum;
- Interest payments: every six months in arrears. First coupon due on 20 August 2014;
- Interest at maturity: 5.75% per annum of the nominal value of the Bond;
- Maturity: 5 years;
- Listing: the Bonds are expected to be admitted to trading on a regulated market or an MTF by 30 June 2014;
- Repayment: principal shall be repaid in a single instalment equal to the nominal value at Notes maturity. The Company may redeem the Bonds in full and early in specific cases regulated in detail in the Terms and Conditions, in line with market practice, including:

  i. at a value indexed to the market price of the Bonds if the Capital Increase for the conversion is not approved by the *Long-Stop Date* (i.e. by 30 June 2014).

  ii. at nominal value (plus accrued interest) as of 7 March 2018, should the trading price of the Company's ordinary shares increased by a further 30% with respect to the conversion price for a specified period of time;

  iii. at nominal value (plus accrued interest) if Bonds equivalent to at least 85% of the original nominal amount of the Notes has already been subject to conversion, repayment and/or repurchase;

  iv. at nominal value (plus accrued interest), should specific changes take place in the tax applicable to the Bonds.

  In addition, in the event of a change of control, each Bondholder shall have the right to request early redemption at nominal value plus accrued interest, subject to adjustment of such amount in accordance with the formula provided in the Terms and Conditions.

- Conversion right: the Notes Terms and Conditions provide that, if the Extraordinary Shareholders' Meeting of the Company, by the *Long-Stop Date*, authorizes bond convertibility and approves, for effect, a Capital Increase excluding shareholder pre-emption rights for the conversion, the Company shall issue a separate *notice* directly to the bondholders (the "***Physical Settlement Notice***"), as a result of which the latter shall be awarded from the date indicated in the *Physical Settlement Notice*, the right to request conversion of the Bonds into the Company's newly issued shares for said Capital Increase.

  On the other hand, if the Capital Increase is not approved by the Extraordinary Shareholders' Meeting by the *Long-Stop Date*, the Company would be entitled, not later than 10 business days from the *Long-Stop Date*, to issue a *notice* to bondholders and proceed to early reimbursement in full of the Bonds, with payment, plus interest accrued, of a cash premium calculated in the manner set out in the Terms and Conditions and, more specifically, equal to the higher between *(i)* 102% of the capital sum, and *(ii)* 102% of the average market price of the Bonds registered in a period following the announcement of the repayment.

  If the Company does not exercise the option of early reimbursement of the Bond, they would retain the nature of *equity-linked* securities; therefore, the holders would be entitled to request at any time, for the duration of the Notes (subject to certain periods of suspension specified in the Terms and Conditions), the reimbursement of the Bond by payment of an cash amount, related to the market value of a number ordinary shares of the Company equal to that which the Bondholder would have been entitled in the event of approval of the convertibility of the Notes and the conversion of the Bond into shares.

  The initial conversion price of the Bonds is equal to Euro 2.1898 (of which Euro 0.01 to be allocated to capital and Euro 2.1798 to premium), subject to any adjustment in accordance with the Notes Terms and Conditions. The nominal value of shares to be issued for the possible conversion shall not exceed the credit to which the bondholders are entitled as reimbursement of the Bonds in the event of non-conversion.

  The conversion ratio shall correspond, subject to any adjustments, to the ratio between the number of Bonds to be issued and the number of shares resulting from the ratio between the nominal value of the Notes to be reimbursed and the conversion price.

  From 7 March 2018, the Company shall be entitled to settle any conversion by payment in cash of an amount up to the nominal value of the Bonds and the delivery of a number of shares calculated as specified in the Terms and Conditions.

In addition, the expiration date of the Bonds, in the event that the Company has issued the *Physical Settlement Notice* or has at its disposal a sufficient number of ordinary shares to be allocated for this purpose, the Company shall be entitled to deliver to the Bondholders a combination of shares and cash, instead of regulating the conversion of the Bonds solely for cash, in accordance with the procedures set out in the Terms and Conditions.

The assessment relating to the right for the Company to deliver shares or reimburse the Notes in cash or a combination of shares and cash, shall be reserved to the Board.

- Adjustment to the conversion price: the initial conversion price shall be subject to adjustments in accordance with market practice applicable for this type of debt instrument, upon the occurrence, among other factors, of the following events: grouping or splitting of shares, free capital increase through allocation of profits or reserves to capital, distribution of dividends, issuance of shares or financial instruments reserved to shareholders or granting of options *warrants* or other rights for subscription/purchase of shares or financial instruments to shareholders, issuance of shares or assignment of options, *warrants* or other rights for subscription/purchase of shares (or issuance of financial instruments that are convertible into or exchangeable for shares), changes to the rights of conversion/exchange related to other financial instruments, change of control.
- Applicable law: the Notes Terms and Conditions shall be governed by English law. However, the bondholders' meetings and appointment of their common representative shall be in accordance with Italian law.

3. BREAKDOWN OF NET FINANCIAL INDEBTNESS IN THE SHORT AND MEDIUM-LONG TERM

Income from the issuance of the Bonds will allow the Company to take advantage of any growth opportunities in line with the Plan and, in general, to finance the company's activities.

The collection of financial resources will have an impact on the structure of the financial indebtedness of the Company, for this reason, the following is a summary analysis of the composition of net debt in the short and medium-long term of the Company and the Group at 31 December 2013 considering the issuance of the Bonds, in comparison with the corresponding data from the consolidated financial statements at that date.

It should be noted that the report is only indicative, therefore such outline should not be considered as representative of the real impact of the transaction on the economic and financial situation of the Company and the Group.

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NET FINANCIAL DEBT MAIRE TECNIMONT GROUP

	Amounts in thousands of Euro	31/12/2013	31/12/2013 New Issue
A.	Cash	(316)	(316)
B.	Bank and postal deposits	(193,871)	(273,871)
C.	Securities	(4,557)	(4,557)
D.	**Liquidity (A+B+C)**	**(198,744)**	**(278,744)**
E.	**Current financial receivables**	**(13,139)**	**(13,139)**
F.	Current payables to banks	136,650	136,650
G.	Current portion of non-current debt	16,057	16,057
H.	Other current financial payables	16,650	16,650
I.	**Current financial debt (F+G+H)**	**169,357**	**169,357**
J.	**Net current financial debt (I-E-D)**	**(42,527)**	**(122,527)**
K.	Long-term payables	362,766	362,766
L.	"Equity Linked" debenture	-	80,000
M.	Other non-current payables	81	81
N.	**Non-current financial debt (K+L+M)**	**362,848**	**442,848**
O.	**Net financial debt (J+N)**	**320,321**	**320,321**
P.	**Net financial debt of assets under disposal**	**42**	**42**
Total net financial debt included as related to assets under disposal (O+P)		**320,362**	**320,362**
Q.	Other non-current financial assets	(15,349)	(15,349)
Net Financial Position (P+Q)		**305,013**	**305,013**

NET FINANCIAL DEBT MAIRE TECNIMONT SPA

Amounts in thousands of Euro		31/12/2013	31/12/2013 New Issue
A.	Cash	(7)	(7)
B.	Bank and postal deposits	(612)	(80,612)
C.	Securities	-	-
D.	**Liquidity (A+B+C)**	**(620)**	**(80,620)**
E.	**Current financial receivables**	**-**	**-**
F.	Current payables to banks	6,829	6,829
G.	Current portion of non-current debt	11,057	11,057
H.	Other current financial payables	-	-
I.	**Current financial debt (F+G+H)**	**17,886**	**17,886**
J.	**Net current financial debt (I-E-D)**	**17,267**	**(62,733)**
K.	Long-term payables	76,064	76,064
L.	"Equity Linked" debenture	-	80,000
M.	Other non-current payables	217,614	217,614
N.	**Non-current financial debt (K+L+M)**	**293,678**	**373,678**
O.	**Net financial debt (J+N)**	**310,944**	**310,944**
Q.	Other non-current financial assets	(41,696)	(41,696)
Net Financial Position (O+Q)		**269,248**	**269,248**

4. OPERATING PERFORMANCE OF THE COMPANY AND THE GROUP TO WHICH IT BELONGS

The year 2013 has decreased compared to the previous year in terms of revenues. However, the decrease in revenues also reflect the future guidelines of the Plan that is geared to growth in terms of product mix with higher margins and lower volumes, with progressive growth of E (*Engineering*), EP (*Engineering* and *Procurement*) services and simultaneous reduction of EPC projects (*Engineering*, *Procurement*, *Construction*).

While with regard to the economic margins there has been a significant improvement over the previous year - characterized by significant losses mainly due to the negative outcome of certain contracts as a result of extraordinary events - especially for the combination of several factors, including a different volume *mix* from projects with higher margins, the net financial position of the Group at 31 December 2013 is negative and equal to Euro 305 million, an increase of Euro 78.8 million compared to 31 December 2012 (when it was negative for Euro 226.2 million). The change is affected by the physiological reduction of available cash in the *joint ventures* related to the project evolution and the positive effects of the financial reorganisation plan completed on 26 July 2013.

The short-term bank payables of the Group amounted to Euro 152,707 thousand, a sharp decrease of Euro 535,184 thousand compared to 31 December 2012, primarily due to the conclusion of the financial manoeuvre which included the rescheduling agreements of existing debt and new finance with resulting reclassification in the medium to long-term for Euro 362,766 thousand. For the remaining part, the reduction is due to the extinction of partial shares of Notes and reimbursements of advances on invoices related to working capital management of specific contracts. Bank financial payables of the Group, net of the current portion amounted to Euro 362,766 thousand, up the same amount against 31 December 2012. The above payables increased as a consequence of the conclusion of the financial manoeuvre with the subscription of rescheduling agreements of the debt and new finance, and as a consequence of the reclassification of certain Notes not included in the manoeuvre that at 31 December 2012 had been classified as current liabilities in relation to the previous breach of certain contractual provisions relating to the financial covenants. As at 31 December 2013 non-compliance with the covenants is not reported since for the covenants on other Notes not previously complied with, they were substantially harmonized with those provided for in the agreements concerning rescheduling and new finance entered into with the Group by the same lenders.

Regarding the forecast for the year 2014, it is believed that the quality of the backlog in conjunction with the current commercial initiatives should guarantee the Group a period of growth in terms of revenues and margins.

5. EXISTENCE OF GUARANTEE AND/OR PLACEMENT CONSORTIA, RELATED COMPOSITION AND TERMS AND CONDITIONS OF THEIR INTERVENTION

No underwriting syndicate is provided for in relation to the Capital Increase, as this is to be solely applied to the service of the possible conversion of the Notes.

Please note that the placement of the Notes was arranged by Banca IMI and UniCredit as *Joint Bookrunners* and MPS as *Co-Bookrunner*, with Italian and foreign qualified investors within the meaning of *Regulation S* of the *US Securities Act* of 1933, as amended, with the exception of the United States of America, Australia, Canada and Japan.

6. OTHER FORMS OF PLACEMENT PROVIDED

There are no forms of placement other than those mentioned in the previous paragraph.

7. CRITERIA ACCORDING TO WHICH THE ISSUE PRICE OF THE NEW SHARES HAS BEEN DETERMINED

The Board of Directors of the Company - in consideration of the characteristics of the Bonds and the Capital Increase for the conversion of the Notes - has resolved to propose to the Shareholders' Meeting that the issue price of the new shares resulting from the Capital Increase be equal to the conversion price of the Bonds, provided, however that the former shall be determined according to the criteria of art. 2441, paragraph 6 Civil Code and, therefore, subject to the shareholders' equity resulting from the last approved financial statements of the Company and taking into account the performance of the Maire Tecnimont share on the MTA in the last six months.

The conversion price of the Bonds was therefore determined on 13 February 2014 in the amount of Euro 2.1898 (of which Euro 0.01 to be allocated to share capital and Euro 2.1798 as premium). This price incorporates an initial premium of 35% identified and approved by the Board of Directors on 11 February 2014 in addition to the weighted average market price of the ordinary shares of the Company registered on the MTA between the start and the end of the collection process of orders (so-called *book building*), as required by market practice in the context of the issue of such convertible bond instrument and financial instruments equivalent thereto, subject to the provisions of art. 2441, paragraph 6, Civil Code.

More specifically, the conversion price of the Bonds determined as described above, has been the subject of further analysis through an analytical estimate of the value of the economic share capital of the Company in support of the decisions adopted, also taking into account the predisposition of the market to recognize said value with reference to the evaluation criteria adopted aimed at estimating the price per share and the estimate of a conversion premium with the application of market criteria. In particular, the following analyses were performed:

- **A.** determination of the share price based on the market price of the Maire Tecnimont share and the initial conversion premium;
- **B.** analysis of market prices of Maire Tecnimont share at different periods of observation;
- **C.** analysis of the fundamental value of the Company by applying the *Discounted Cash Flow* (DCF) method;
- **D.** analysis of the target price set by equity share analysts for the Maire Tecnimont share;
- **E.** analysis of the conversion premium.

It is also emphasized that the assessments were based on the Plan prepared on a going concern basis. In the absence of the realization of the assumptions contained in the Plan, the projections contained in the Plan and the related results of the analyses performed, could not be considered reliable.

The following is a more detailed description of the analyses performed.

A. <u>Determination of the issue price of the shares on the basis of the s market price of the Maire Tecnimont share and the initial conversion premium</u>

The initial conversion price, given the nature of the instrument - which will become convertible into shares upon the fulfilment of the conditions of the Notes and, in any case, subject to the authorization of the conversion and approval of the Capital Increase by the Shareholders - was determined on completion of the launch of the Transaction based on the stock market price of the Maire Tecnimont shares, as well by applying a conversion premium of 35%, approved by the Board of Directors on 11 February 2014.

In order to determine the market value of the shares the Directors considered the Volume Weighted Average Price for Maire Tecnimont shares recorded on the MTA between the start of book building and the pricing of the Transaction, equal to Euro 1.6221, in line with international “best practice” for the issuance of "equity linked" Bonds.

The conversion premium set before the book building, was estimated by the Directors with reference to comparable transactions observed in the market and is in line, as illustrated in the Report, with the average conversion premium applied in recent comparable issues of convertible Bonds loans carried out in Italy and in Europe with similar loan period and amount issued.

The following table illustrates the premium for convertible bond issues of convertible Bonds in Europe in the first 2 months of 2014 and the last 3 months of 2013.

Panel of transactions	Average premium (%)
All transactions (*)	31.6%
Transactions with similar maturities (**)	32.4%
Transactions with similar amount issued (***)	30.7%

(*) Main transactions completed in Europe in the period 01.10.2013-28.02.2014

(**) Duration of 5 years

(***) Amount issued less than or equal to Euro 150 million

Given the high historical volatility and the recent process of financial reorganization, the Company has decided to set in advance the conversion premium of 35%, which is the highest premium for the issuance of convertible Bonds in Europe in the early months of 2014; in particular, there have been only two more issuances of convertible Bonds which have applied a premium of 35%.

Applying the criteria considered above, that is taking into account the *Volume Weighted Average Price* of the Maire Tecnimont shares recorded on the MTA between the start of *book building* and *pricing* of the transaction amounted to Euro 1.6221 and an initial conversion premium of 35%, the price of the issued shares for the conversion of the Bonds amounted to Euro 2.1898 per share (of which Euro 0.01 to be allocated to share capital and Euro 2.1798 as premium), considered as a whole representative of the economic value of the Company (value per share) and a recognized premium.

B **Analysis of market prices of the Maire Tecnimont share at different periods of observation;**

For the purposes of compliance with the criteria referred to in article 2441, paragraph 6, and in support of share market value taken as a reference for the price of the issued shares, as described above, the Board has also performed the analyses on the performance of Maire Tecnimont shares in the last six months, according to art. 2441, paragraph 6, Civil Code, which provides that the issue price of the new shares must be determined "*on the basis of the net equity value, taking into account, for the shares listed on regulated markets, even the trend of listings in the last six months*".

The value identified as the average market price of the Maire Tecnimont shares over the six months period before 11 February 2014 (date of approval of the issuance of the Notes) lies between Euro 1.4869 and 1.4987 per share. In particular, the range of values was determined by calculating, with reference to the prices recorded in the above mentioned period, the weighted average for the respective volumes and the simple average.

For a more complete analysis below is also the value identified as the average market price of the Maire Tecnimont shares in the six months period before 13 March 2014, thus also reflecting the share price in the period following the issuance of the bond. The value in this most recent semester lies between Euro 1.5765 and 1.5973 per share. In particular, the range of values was determined by calculating, with reference to the prices recorded in the above mentioned period, the weighted average for the respective volumes and the simple average.

The issue price of the shares as determined above, equal to Euro 2.1898 per share (of which Euro 0.01 to be allocated to share capital and Euro 2.1798 as premium), is therefore also higher than the average of market prices in the six months preceding 13 March 2014.

Finally, the issue price is higher than the net asset value per share as at 31 December 2013 equal to Euro 1.29.

It should be noted that, pursuant to the Notes Terms and Conditions, the initial conversion price may be subject to adjustments at the date of conversion in accordance with market practice in force for this type of instrument, upon the occurrence of the events indicated by way of example and not exhaustive, in Paragraph 2.1, to which reference is made.

It should also be noted that the market price of the ordinary shares of the Company registered on the MTA increased in the weeks following the placement of the "*equity linked*" Bonds. In this regard it is noted that the increase in the share price in the months following the placement of a convertible bond is not uncommon and also derives from the successful placement of the bond itself.

C. <u>Analysis of the fundamental value of the Company by applying the Discounted Cash Flow (DCF) method</u>

Furthermore, assessment of the fundamental value of the Company's shares was performed using the *Discounted Cash Flow* method, or DCF.

This method, widely adopted in valuations to determine the economic value of the company, has been applied on the basis of the Plan. In particular, the projections for 2014 are based on the 2014 *Budget* and the projections for the period 2015-2017 are based on the updated Plan prepared by the Company, both approved by the Company on 13 March 2014.

In particular, the value of the company on the basis of the UDCF method was estimated through the sum of the following components:

<u>Enterprise value</u>

Determined as sum of the parts of value of the various business units, as identified in the Plan. For the purposes of the determination of the Enterprise Value, the Plan related to the infrastructure sector includes the value of 2014 only as such assets are planned to be disposed.

Finally also the disbursements for projects in joint ventures and the repayment of overdue suppliers were also considered.

The operating cash flows have been discounted at the valuation date (31 December 2013), by using a weighted average cost of the differentiated share capital for the different sectors the Company is composed of, as shown below:

Discount rate (WACC)	**Min**	**Max**
OG&P/Licensing	11%	13%
Power	14%	16%
Infrastructure	10.2%	12.2%

The terminal value (TV) was determined based on the "normalized" cash flow after tax, assuming the convergence between investments and amortisation/depreciation (NOPAT – *Net Operating Profit After Tax*) in the long run. In particular, the "normalized" cash flow, estimated by calculating the arithmetic average of the Plan projected cash flows, has been capitalized by considering a growth rate between 0% and 2% for the Oil&Gas and Petrochemicals sector and between 0% and 1% for the Power sector.

<u>Value of the net debt at the date of valuation.</u>

The net debt was determined with reference to 31 December 2013 on the basis of the draft financial statements at 31 December 2013 approved by this Board of Directors on 13 March 2014.

<u>Value of ancillary assets and liabilities.</u>

As Ancillary assets the tax benefits resulting from the use of losses carried forward have been considered in the horizon of the Plan and those arising from existing financial debt, not included in the estimate of the discount rate (which coincides with the *unlevered* cost of equity).

<u>Value of assets to be disposed.</u>

These assets have been valued on the basis of the present value of the amounts included in the Plan, net of certain prudential adjustments already identified in the *Independent Business Review* prepared by an independent third party on 14 February 2013.

The following table summarises the value per share of Maire Tecnimont resulting from the application of the DCF method, based on the *range* of values of the main evaluation parameters applied:

Parameters	Min	Max
Value per share (€)	**1.97**	**3.05**

The range identified above with the DCF method has a wideness and a strong variability that reflect the riskiness of the core business as well as the uncertainty on the forecasts and cash flows (for more details refer to section 8, points II, III, VI).

D. Analysis of the target price set by share analysts for the Maire Tecnimont share

In support of the share market price used for the purpose of determining the share market price the following are the estimated target prices from leading equity market analysts available on Bloomberg as at 11 February 2014 (date of approval of the issuance of the Notes) and at 13 March 2014

In particular:

- examined the available equity research,
- analysed the recommendations of related analysts,
- identified the target prices
- analysed the average value of said target prices

The following table shows a summary of the results of this analysis:

Broker	Reccomendation	Target Price
Akros	Accumulate	1.75
Aletti	In Line	1.65
Barclays	Overweight	2.00
BNP	Outperform	2.00
IMI	Hold	1.61
Intermonte	Underperform	1.30
Nomura	Reduce	1.29
Kepler	Hold	0.67
Mediobanca	Neutral	1.76
Media		1.56
Mediana		1.65

The value identified on the basis of the *target prices* on the date of approval of the issuance of the Notes lies between Euro 1.56 and 1.65 per share (respectively average and median of the target prices).

The issue price of the shares as determined above, equal to Euro 2.1898 per share (of which Euro 0.01 to be allocated to share capital and Euro 2.1798 as premium), is therefore higher than the range of target prices available at the date of approval of the issuance of the Notes.

For completeness of the analysis *equity research* and related target prices available at 13 March 2014 were also analysed and which therefore also reflect the expectations of analysts in the period following the issuance of the Bonds: the average value of the target price lies between Euro 1.59 and 1.65 per share (respectively average and median of target prices).

The issue price of the shares as determined above, equal to Euro 2.1898 per share (of which Euro 0.01 to be allocated to share capital and Euro 2.1798 as premium), is therefore higher than the average of target prices available even at the most recent date of 13 March 2014.

E. <u>Analysis of the conversion premium</u>;

To support the identification of the value of the conversion premium, the Company has conducted further analysis, in order to verify the appropriateness of the conversion premium.

A convertible bond is a financial instrument that effectively incorporates characteristics of both means of debt (ordinary bond), and venture share capital, through the inclusion of an implied right of the bondholder to convert the security owned into shares (call option).

Based on the above considerations, the analyses of the conversion premium was performed through the evaluation of the current value (*fair value*), at the most recent date, of the two implicit components of a convertible bond loan, debt instrument and option for shares.

To this end, the following main parameters were considered:

• Dividends: *dividend protection* clause as per the Terms and Conditions;

• *Credit Spread*: 700 bps;

• *Coupon* Rates: 5.75%.

On the basis of these parameters an implied volatility of 21% was determined. This volatility has been verified in pre-marketing phase by the Joint Bookrunners of the Company and deemed reasonable by them.

Based on these parameters, the conversion premium of 35% identified determines a value of the option component of the Notes (equal to 8.7%) consistent with that of the bond component (equal to 91.3%).

It is noted that in the analysis supporting the choice on the conversion premium the historical volatility of the Maire Tecnimont share has not been considered given the specific characteristics of the shares in terms of low float and high volatility.

In view of the analyses performed above in points A, B, C, D, E, it is believed that the criteria adopted for the determination of the initial conversion price of the Bonds and therefore, the issue price of the conversion shares (and related conversion ratio) are consistent with the criteria laid down in art. 2441, paragraph 6, Civil Code. and, therefore, appropriate to identify a price that would preserve the equity interests of the shareholders of the Company, in consideration of the exclusion of their option right.

8. Valuation difficulties encountered by the Board of Directors

Below is a summary of the difficulties encountered by the Directors in relation to the determination of the proposed price for the issue of new ordinary shares excluding shareholder pre-emption rights under the planned Capital Increase of Maire Tecnimont, referred to in the previous paragraph. In particular:

I. Evaluation criteria: the estimates reflect the limitations and the specific characteristics of the different valuation methods used: volatility of the share price, target price dispersion, uncertainty related to the cash flows used for the UDCF.

II. Use of forecast data: the valuation methods adopted were based on MET prospective consolidated financial data contained in the Plan, those data by their nature contain elements of uncertainty and are potentially subject to changes, even significant, in the event of changes in the market environment and the macroeconomic scenario. In particular, some assumptions related to the Plan involve elements of subjectivity and risk that are of particular importance; their non-occurrence could have a significant impact on the Group's reinforcement plan and thus on achievement of the objectives set out in the Business Plan.

III. Company operations in the segment of large international contracts: it is a particularly complex context for elements such as, but not limited to:

   a. the uncertainty in obtaining orders;
   b. the size and influence of each order on the overall result the company;

c. the articulation and the complexity of the contractual structures that govern orders;
d. their temporal extension and long-term commitment, together with the consequent risk of the counter-party.

IV. The dependence of the results of the plan on exogenous market variables: the expected evolution of the market presents a general risk associated with the variability of the results in terms of orders acquired and resulting revenues, strongly dependent on the evolution of exogenous variables such as, principally, the macroeconomic conditions, growth in the cost of energy, the evolution of consumption.

V. Volatility in financial markets: the economic and financial situation of the system, still far from appearing stable, is the source of heightened volatility in financial markets, in addition to specific situations regarding Maire Tecnimont shares. It should be noted in this regard that the historical volatility of the Maire Tecnimont share is equal to 78% (60 days volatility referred to the last 12 months with reference to 13 March 2014).

VI. Disposal of company assets: there are areas of uncertainty in relation to the sale of certain assets in the Plan, both in terms of timing and expected values, with respect to which, however, conservative assumptions have been adopted.

9. SHAREHOLDERS WHO HAVE EXPRESSED THEIR WILLINGNESS TO SUBSCRIBE THE NEWLY-ISSUED SHARES

As noted above, the Board of Directors submitted to the Company's Extraordinary Shareholders' Meeting the approval of a Capital Increase exclusively to convert the Bonds into newly-issued shares.

Therefore, for the reasons stated above, the proposal provides for the exclusion of the right of shareholders to exercise their option right pursuant to art. 2441, paragraph 5, Civil Code.

10. PERIOD FORESEEN FOR EXECUTION OF THE TRANSACTION

- *11 February 2014* Approval by the Board of Directors of the issuance of the "*equity-linked*" Bond and the terms and conditions thereof.
- *13 February 2014* Placement of the "*equity-linked*" Bonds.

- *20 February 2014* Settlement of the transaction.
- *30 April 2014 02 May 2014* Extraordinary Shareholders' Meeting to resolve on the Capital Increase. The Capital Increase shall be irrevocable until the expiry of the deadline for any request for conversion of the Bonds and limited to the amount of the shares resulting from the exercise of the conversion request itself.
- *20 February 2019* Expiration of the Bonds.

11. BENEFITS OF THE INSTRUMENTS

The shares to be offered to fulfil any requests for conversion of the Bonds shall accrue regular dividend and, therefore, attribute to their holders the same rights as the existing shares on the date of issuance.

12. ECONOMIC AND FINANCIAL EFFECTS

We provide below some information on the effects of the transaction on the economic and financial position of the Company and the Group and the value of each share.

12.1 *Economic and financial pro-forma effects suitable to represent the impact of the transaction on the economic performance and financial position*

In view of the fact that, at the date of preparation of this report, the number of Bonds that will be the subject of any request for conversion as well as the time and manner in which any such conversion will take place are not known, in order to represent the effect of the operation on the economic and financial position of the Company, it is necessary to make different hypotheses and assumptions:

- number of converted Bonds: three different simulation scenarios: no conversion (case A); 50% conversion (case B); full conversion (case C);
- timing of conversion: at expiration of the Notes for the total amount;

  net equity: the equity of reference is that of Maire Tecnimont statements at 31 December 2013.

(Amounts in Euro)	*Maire Tecnimont Spa* 31/12/2013	*Maire Tecnimont Group* 31/12/2013
Shareholders' Equity	**Euro 393,099,450**	**Euro 33,506,596**
No. of current shares	305,527,500	305,527,500
Net equity per share	Euro 1.287	Euro 0.110
Subscription unit price	Euro 2.1898	Euro 2.1898
Amount subscribed	Euro 80,000,000	Euro 80,000,000

Case a: No Conversion

No. shares issued	-	-
No. shares post increase	305,527,500	305,527,500
Prospective pro-forma net equity	Euro 393,099,450	Euro 33,506,596
Increase in net shareholders' equity	-	-
Net equity per prospective pro-forma share	Euro 1.287	Euro 0.110
Current share capital	Euro 19,689,550	Euro 19,689,550
Prospective share capital	Euro 19,689,550	Euro 19,689,550

Case b: 50% Conversion

No. shares issued	18,266,508	18,266,508
No. shares post increase	323,794,008	323,794,008
Prospective pro-forma net equity	Euro 433,099,450	Euro 73,506,596
Increase in net shareholders' equity	Euro 40,000,000	Euro 40,000,000
Net equity per prospective pro-forma share	Euro 1,338	Euro 0.227
Current share capital	Euro 19,689,550	Euro 19,689,550
Prospective share capital	Euro 19,872,215	Euro 19,872,215

Case c: 100% Conversion

No. shares issued	36,533,017	36,533,017
No. shares post increase	342,060,517	342,060,517
Prospective pro-forma net equity	Euro 473,099,450	Euro 113,506,596
Increase in net shareholders' equity	Euro 80,000,000	Euro 80,000,000
Net equity per prospective pro-forma share	Euro 1.383	Euro 0.332
Current share capital	Euro 19,689,550	Euro 19,689,550
Prospective share capital	Euro 20,054,880	Euro 20,054,880

12.2 *Effects on the unit value of the shares of any dilution of said value*

Case A: No conversion

If there is no resulting conversion and therefore no Capital Increase is required, the Net Equity from the Accounting Statements would not be affected and would remain equal to Euro 393,099,450 and the Net Shareholders' Equity from Consolidated Accounting would remain constant at Euro 33,506,596.

Considering also that the total number of shares of the company would not increase the value of Net Equity from the Statements per share would remain at Euro 1.287 and the Consolidated value at Euro 0.110.

Case B: 50% conversion

Following 50% execution of the Capital Increase assumed in the case of partial conversion as a result of the conversion request at a price of Euro 2.1898 per share (of which Euro 0.01 to be allocated to share capital and Euro 2.1798 as premium), the Net Equity from the Accounting Statements would increase to Euro 433,099,450 and the Consolidated Net Equity would increase to Euro 73,506,596.

Considering also that the total number of shares of the company would increase from 305,527,500 to 323,794,008 the value of Net Equity from the Statements per share would reach Euro 1,338 and the Consolidated value Euro 0.227.

Case C: full conversion

Following full execution of the Capital Increase assumed in the hypothesis, as a result of the conversion request at a price of Euro 2.1898 per share (of which Euro 0.01 to be allocated to capital and Euro 2.1798 as premium), the Net Equity from the Accounting Statements would increase to Euro 433,099,450 and the Consolidated Net Equity would increase to Euro 113,506,596.

Considering also that the total number of shares of the company would increase from 305,527,500 to 342,060,517 the value of Net Equity from the Statements per share would reach Euro 1.383 and the Consolidated value Euro 0.332.

In the case of full conversion with shares, the price of the same at the time of the request for conversion is irrelevant for the purposes of calculating the economic and financial effects.
It is important to note that this hypothesis generates the maximum dilutive effect on the shareholdings held by the Shareholders, therefore, the Company shall adopt appropriate procedures to mitigate those effects, consistent with the liquidity needs of the moment.

Dear Shareholders,

If you agree with our proposal, we kindly suggest that you adopt the following resolutions:

"the Extraordinary Shareholders' Meeting of Maire Tecnimont S.p.A.,

i. examined the Directors' Report and the proposals contained therein;

ii. shared considerations concerning the exclusion of the pre-emption right developed in the discussion of the draft resolution, the reasons for the share price increase, the criteria for determining the subscription price of the shares, and acknowledgement of the Opinion on the fairness of the price of the auditing company Deloitte & Touche S.p.A. pursuant to art. 158 paragraph 2 TUF (Consolidated Finance Act),

resolved:

1. *to provide and authorize pursuant to art. 2420-bis of the Civil Code and the requirements of the relevant Terms and Conditions, the convertibility of the* equity-linked *bond named* "€80,000,000 5.75 per cent equity-linked Bonds due 2019*" and for the effect approve the proposal of a share capital increase in instalments for cash, excluding shareholder pre-emption rights pursuant to art. 2441, paragraph 5 of the Italian Civil Code, for a total maximum amount of Euro 80,000,000.00 (including the premium), to be paid in one or more tranches by issuing up to 36,533,017 ordinary shares of the Company having the same characteristics of the ordinary shares in issue, reserved exclusively and irrevocably for said bond Notes, according to the Terms and Conditions, at a price per share equal to Euro 2.1898 (of which Euro 0.01 to be allocated to share capital and Euro 2.1798 as premium), subject to any adjustments to the conversion price as provided in the Terms and Conditions. The number of shares used for the possible conversion shall be determined by dividing the nominal amount of the Bonds, in relation to which the request for conversion shall be presented, for the conversion price in force on the date of the conversion, rounded down to the nearest whole number of ordinary shares. Fractions of shares shall not be issued or delivered and no cash payment or adjustment shall be performed in place of said fractions;*

2. *to approve submission by the Chairman and Managing Director, even separately and with the option of sub-delegation, of a notice to the trustee and the bondholders, which shall attribute to the latter the right to require any conversion of the Bonds held in Maire Tecnimont newly-issued ordinary shares and, more generally, to fulfil all the requirements of Italian and foreign laws and Terms and Conditions;*

3. *to establish that the deadline for the subscription of newly-issued shares is set for 20 February 2019, which corresponds to the end of the fifth year following the issuance of the bond*

referred to as "€ 80,000,000 5.75 per cent equity-linked Bonds due 2019", it being understood that, if on said date the capital increase has not been fully subscribed, it shall however be considered increased by an amount equal to the subscriptions collected, provided subsequent to the filing of this resolution at the Companies Register;

4. *to amend article 6 of the By-laws by inserting a new paragraph as follows:*

Current text	Text proposed
Article 6 – Share Capital	***Article 6 – Share Capital***
The share capital is Euro (nineteen million six hundred eighty-nine thousand five hundred fifty zero) divided by (three hundred five million five hundred twenty-seven thousand five hundred) ordinary shares of no nominal value and may be increased. The Shareholders' Meeting may decide to issue shares with different rights, in accordance with the requirements of the law.	The share capital is Euro (nineteen million six hundred eighty-nine thousand five hundred fifty zero) divided by (three hundred five million five hundred twenty-seven thousand five hundred) ordinary shares of no nominal value and may be increased. The Shareholders' Meeting may decide to issue shares with different rights, in accordance with the requirements of the law. On [•], the Extraordinary Shareholders' Meeting resolved the divisible increase in exchange for cash payment, excluding shareholder pre-emption rights pursuant to art. 2441, paragraph 5 of the Italian Civil Code, for a total maximum amount of Euro 80,000,000.00 (including the premium), to be paid in one or more tranches by issuing up to 36,533,017 ordinary shares of the Company, having the same characteristics of the ordinary shares in issue, reserved exclusively and irrevocably for the "*equity linked*" bond, for a total amount of Euro 80,000,000, maturing on 20 February 2019, issued by virtue of the resolution of the Board of Directors on 11 February 2014, provided that the deadline for the subscription of newly-issued shares is set for 20 February 2019 and that, in the event that at that date the capital increase has not been fully subscribed, the same will be however

(*omissis*)	considered increased by an amount equal to the subscriptions received. (*the rest unchanged*)

5. *to authorize the Board of Directors and on its behalf the Chairman of the Board and Managing Director, also severally and with the power to sub-delegate, to implement the corresponding capital increase referred to above in point 1), no later than the closing date for the request for conversion of the Bonds proceeding with the relative filing required by law and the consequent updating of the figures contained in art. 6 of the By-laws;*
6. *to authorize the Chairman and the Managing Director, even severally and with the power to sub-delegate, the most ample powers to ensure, even through persons delegated, anything else required, necessary or useful for the implementation of the above resolutions, as well as to comply with the formalities necessary to ensure that the resolutions are filed at the Companies Register, with the right to introduce any changes, corrections or additions necessary for the purpose or required by the competent authority even at the time of registration and, in general, all that is necessary for the complete execution of the resolutions, with any and all powers necessary and appropriate to that end, without exception, including the assignment of filing the By-laws at the relevant Companies Register.*"

Rome, 13 March 2014

On behalf of the Board of Directors

Managing Director

(Pierroberto Folgiero)