

**This Notice is important and requires the immediate attention of holders of the Notes (as defined below). If holders of the Notes are in any doubt as to the action they should take, they should seek their own financial and legal advice, including in respect of any tax consequences, immediately from their broker, bank manager, solicitor, accountant or other independent financial, tax or legal adviser.**

**EUR 180,000,000 3.50 per cent. Senior Unsecured Notes due 31 January 2025**

**Issued by**

**Carraro International S.E.**

**ISIN: XS1747134564**

## **Notice for the Noteholders**

The plan for the partial proportional demerger (the “**Demerger**”) of Carraro International SE (“**CINT**”) with sole shareholder into the parent company Carraro S.p.A. (“**Carraro**”), approved by the Boards of Directors of the above companies, was filed on March 23, 2020 with the Padua Companies' Register.

CINT is wholly owned by Carraro and, therefore, the simplified demerger procedure pursuant to the applicable provisions of the Italian Civil Code will apply to the Demerger. It was therefore not necessary to prepare the directors' report, nor the experts' report (otherwise required), since the Demerger is in favour of the sole shareholder without share exchange ratio.

The documentation relating to the Demerger required by applicable law (consisting of the demerger plan and the assets and liabilities of the participating companies) was made available on the above mentioned date (and remains available) to the public at the company's registered office, on Carraro's website ([www.carraro.com/it/investor-relations](http://www.carraro.com/it/investor-relations)) and disseminated through the authorised storage mechanism “eMarket SDIR” ([www.emarketstorage.com](http://www.emarketstorage.com)). The financial statements of the last three financial years were also made available (and remain available) at the registered office of CINT and Carraro.

CINT and Carraro issued press releases to inform the public of the above also in accordance with applicable provisions of Italian Law.

The Demerger will be part of a larger Group reorganization plan. Specifically, in addition to the Demerger, such reorganisation will also entail that – at the end of the reorganization - two companies directly controlled by Carraro, Carraro Drivetech Italia SpA (“**CDTI**”) and CINT, will hold all interests in the other subsidiaries, as follows. CDTI will hold all Italian equity investments and CINT will hold all international equity investments, thereby pursuing greater clarity and efficiency from the Group's organisational and managerial point of view. As a final step of the reorganisation CINT will transfer its registered office to Luxembourg to benefit, in the interest of the whole Group's, from the significant market opportunities in terms of access to the international credit market and from the presence in Luxembourg of the main sector operators and institutions.

The reorganisation will be divided into the following interconnected transactions:

- the Demerger;

- the partial, non-proportional (so-called asymmetric) demerger, of Carraro Drive Tech SpA, with the "Drivetech Italia" business unit assigned to the newly established CDTI ("**CDT Demerger**");
- upon completion of said transactions, Carraro Drive Tech SpA, as resulting from the CDT Demerger, will be merged by incorporation into CINT, as resulting from the Demerger (the "**Merger**"); and
- upon completion of said transactions, and, in any event with, effective as of completion of the same, CINT's headquarters will be transferred to Luxembourg (the "**Transfer**").

Furthermore:

- Carraro's Board of Directors deemed it appropriate to request an opinion from the *Agenzia delle Entrate* (the Italian Tax Authority) in relation to the tax treatment of some potentially controversial items of the reorganization. Upon receiving such opinion, it will be possible to definitively determine the tax and financial burden of the whole reorganization and of the Transfer in particular. Therefore, without prejudice to the strategic value of the entire reorganisation and in particular of the stages preceding the Transfer, it cannot be excluded that it may be appropriate to reconsider the benefit of going ahead with the Transfer in light of the position taken by the Tax Authority with the requested opinion;
- the Boards of Directors of the Companies involved in the operation stressed that, even if it would be ultimately decided not to go ahead with the Transfer in light of the position taken by the Tax Authority, the benefit of carrying out the two demergers and the Merger would still exist, as such transactions would anyhow ensure a significant improvement to the overall Group organisation.

With reference to the impact of said reorganisation and in particular of the Demerger on the Senior Unsecured Fixed Rate Notes due 31 January 2025 and denominated in Euro – (ISIN: XS1747134564) (the "**Notes**"), issued by CINT and guaranteed by Carraro, it should be noted that:

- it is proposed that CINT will be substituted as the Issuer of the Notes by Carraro in accordance with Clause 13.2 of the Trust Deed in respect of the Notes (the "**Substitution**") which provides that the Trustee may, without the consent of the Noteholders (or Couponholders), agree to the substitution of the Guarantor in place of the Issuer as the principal debtor under the Trust Deed provided that certain formalities are complied with and confirmations delivered to the Trustee; CINT and Carraro have confirmed that these formalities will be complied with and confirmations delivered to the Trustee at the requisite time. It is expected therefore that the Substitution will take place after the expiration of the period of opposition of the creditors to the Demerger as well as CDT Demerger and Merger (as described below);
- by virtue of the Substitution, immediately after execution of the demerger deed relating to the Demerger, Carraro will become the Issuer of the Notes in all respects and will automatically cease to be its Guarantor; and
- except for the above, the reorganisation operation will, in the opinion of the Board of Directors of Carraro International, having consulted with its legal counsel, have no other effect on the Notes and the rights of bondholders.

The Trustee has not independently verified, and does not assume any responsibility for, the accuracy or completeness of the information and statements contained in this announcement which is the sole responsibility of Carraro and CINT. The Trustee expresses no opinion in relation to the information contained in this announcement and makes no representation or recommendation regarding this announcement or as to any action to be taken or not taken by the bondholders in relation to this announcement or any information contained herein.

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Among other things, the demerger plan relating to the Demerger highlights the following:

The chart below highlights assets and liabilities of the CINT that would be transferred – by way of demerger – to Carraro as resulting from the balance sheet as of 31 January 2020 (“**Reference Date**”):

<b>(Euro)</b>	<b>As of 31.01.2020</b>
Non-current Financial Assets	82,400,000
Current Financial Assets	95,202,828
<b>TOTAL ASSETS</b>	<b>177,602,828</b>
Non-current Financial Liabilities	176,781,781
Current Financial Liabilities	296,572
<b>TOTAL LIABILITIES</b>	<b>177,078,353</b>

More specifically, the following items would be transferred by way of demerger:

- i. non-current financial assets towards the group companies for a total amount of euro 82,400,000.00;
- ii. current financial assets for a total amount of euro 95.202.828,00 as follows:
  - o short term financial assets granted to group companies for a total amount of euro 94,635,850.00;
  - o accruals relating to the financial assets that would be transferred by way of demerger equal to euro 566,978.00;
- iii. current and non-current financial liabilities for a total amount of euro 177,078,353.00 as follows:
  - o bonds for a total amount equal to euro 180,000,000.00;
  - o positive accruals relating to the above-mentioned bonds equal to Euro 3,235,128.00 (shown in the reference balance sheet as a reduction of the bond amount);
  - o negative accruals relating to the above-mentioned financial assets that would be transferred by way of demerger equal to euro 313,481,00.

Differences (if any) between assets and liabilities as of the Reference Date and assets and liabilities as of the date on which the Demerger will take effect would be set off financially so that the net asset transferred would remain unchanged.

Contingent assets and liabilities that would occur after the date on which the Demerger will take place will remain respectively for the benefit or the expense of the transferred assets

To determine CINT value the boards of directors of CINT and Carraro consulted an independent appraiser who identified, in a certified appraisal, the net value of the demerged assets and liabilities in euro 524,475.00.

The Demerger will take place in accounting and fiscal continuity at the book values that the elements of the assets and liabilities transferred have in the balance as of the Reference Date and will therefore not generate capital gains and losses.

The bylaws of both companies will remain unchanged.

The effects of the Demerger, pursuant to applicable law, will start from the day of the last registration in the Company Register or from the date that will be established by the Board of Directors or by the Shareholders' Meeting during the resolution or by the Board of Directors in the demerger deed.

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On May 11, 2020:

- (i) Carraro's Board of Directors (in accordance with Article 27 of Carraro's Bylaws); and
- (ii) CINT's shareholders' meeting;

resolved upon the Demerger.

On the same date, the shareholders meetings of CINT, CDT and CDTI also resolved upon the CDT Demerger and the Merger.

From the registration of the above resolution on the Demerger with the Company Register (expected for May 13, 2020) and for 60 days therefrom all CINT's creditors (including the bondholders) will have a right to oppose to the Demerger in accordance with the applicable provisions of Italian law and – in the absence of any such opposition - it is expected that immediately thereafter the demerger deed will be executed thereby completing the Demerger process.

Similarly, during the same period, in accordance with the applicable provisions of Italian Law:

- (i) the creditors of CDT and CDTI may oppose to the CDT Demerger; and
- (ii) the creditors of CINT (which, following the Demerger, will not include the Bondholders) and CDT may oppose to the Merger;

and, in the absence of any such opposition, it is expected that immediately after the completion of the Demerger the CDT Demerger deed and the Merger deed will be executed, thereby completing the relevant processes.

11 May 2020

Carraro International SE