

ISDA Uniform Settlement Agreement (USA) FAQ

The questions below are intended for participants in the CDS market who have questions regarding the purpose of and how to sign the Uniform Settlement Agreement (USA) for: -

Ferretti S.p.A.

What is a uniform settlement agreement?

A uniform settlement agreement is a contract signed by the major dealers and the clients with whom they have a large number of transactions, immediately after the credit event occurs and publicly available information is available. The parties to the USA each agree that a credit event notice and notice of publicly available information are deemed to have been validly delivered as between signatories to the USA for all covered credit derivatives transactions referencing the relevant entity.

Why is a uniform settlement agreement necessary?

Signing a USA avoids the operational burden of having to send notices between the most active participants in the CDS market. This significantly reduces the overall number of notices that must be sent.

If I sign the USA, what happens next?

The terms of LexX Series 3 transactions and single name transactions entered into on the October 2008 Standard Terms Supplement include an agreement to cash settle such transactions pursuant to the final price determined by an auction. Similarly, single name transactions entered into on either the July 2007 Standard Terms Supplement or the March 2008 Standard Terms Supplement and all LevX Series 2 transactions in each case between two entities that signed the 2009 ELCDS Protocol have been amended by the 2009 ELCDS Protocol to provide for cash settlement of such transactions pursuant to the final price determined by an auction. Therefore, if a credit event notice and notice of publicly available information are served in respect of such transactions (whether bilaterally or deemed served pursuant to the USA), these trades will be settled pursuant to the final price determined by the auction without the need for any further action.

If either you or your counterparty to a single name transaction entered into on either the July 2007 Standard Terms Supplement or the March 2008 Standard Terms Supplement or a LevX Series 2 transaction did not sign up to the 2009 ELCDS Protocol, your trade will not be a covered transaction in the auction and you will have to settle that transaction bilaterally pursuant to its terms.

What is the deadline for signing up to the USA agreement mentioned above?

Thursday 19 February, 2009 at 4pm London time.

How do I sign up?

Each firm wishing to sign up to the USA for Ferretti S.p.A should email a copy of the signature page, completed with the full legal name of each entity signing and a signature for each entity, no later than ***4pm London time, Thursday 19 February, 2009.***.

Signature pages must be emailed to ***EACH OF*** the following addresses:

Vinod.Aravind@AllenOvery.com

Sarah.Price@AllenOvery.com

Michelle.Tsikirayi@AllenOvery.com

William.Pickersgill@AllenOvery.com

Please do not email signature pages to ISDA.

On Thursday evening Allen & Overy will circulate to each entity that has agreed to sign a USA the full list of entities that have signed that USA