

**TENDER REGULATIONS OF VINYL ITALIA S.P.A.'S
BUSINESS UNITS**

WHEREAS

This document (hereinafter referred to as “**Tender Regulations**”) aims to present and regulate the terms of development of the sale procedure regarding the business units owned by Vinyls Italia S.p.A., a company admitted to the extraordinary administration procedure on 07.08.2009 pursuant to Article 27, paragraph 2, letter a) of the Italian Legislative Decree of 8 July 1999, no. 270 (“**Prodi Bis**”).

The sale of the above mentioned business units (hereinafter referred to as “**Business Units**”) was expressly authorized by the *Ministero dello Sviluppo Economico* (Ministry of the Economic Development, hereinafter “**MISE**”) by the decree of 8.6.2010 authorizing Vinyls Italia S.p.A.’s Special Administrators to initiate the plan for the sale of Vinyls Italia S.p.A.’s Business Units, which was submitted on 20.11.2009, incorporated on 19.01.2010, 15.04.2010 and 25.05.2010 and later amended according to the request submitted on 20.07.2010 and approved on 06.08. 2010.

Since the so-called “preparatory phase” of the sale procedure (hereinafter referred to as “Phase 1”) has been dealt with exhaustively, in the statement that follows, as for this phase, we shall confine ourselves here to stating only the activities carried out and the results of such activities.

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PHASE 1: INITIATION OF THE PROCEDURE, PUBLICATION OF THE CALL FOR EXPRESSIONS OF INTEREST

In order to perform a survey on the market interest in Vinyls Italia S.p.A.’s Business Units, the Special Administrators, in consultation with the MISE and even before the MISE formally approved the plan for the sale of the Business Units submitted by the Special Administrators on 20.11.2009, published on the newspapers “*Il Sole 24Ore*”, “*Il Gazzettino*”, “*Unione Sarda*” and “*The Financial Times*” dated 31.03.2010, a formal call for expressions of interest to purchase all or part of Vinyls Italia S.p.A.’s Business Units (hereinafter referred to as “**Call for expressions of interest**”).

The parties who submitted the formal expressions of interest have been the following:

- 1) RAMCO Trading & Contracting W.L.L. in Doha (Qatar);
- 2) CAMPANIA RESINE S.P.A. in S. Gennaro Vesuviano (Naples), in association with the Romanian company OLTCHIM S.A.

Both parties visited all Vinyls Italia S.p.A.'s plants and verified any other useful information to ascertain the characteristics of the plants and the company.

On 12.05.2010 RAMCO withdrew its offer.

Now therefore, in the following pages the subsequent phases concerning the sale procedure of Vinyls Italia S.p.A.'s Business Units and the compliance with all the commitments to be carried out for the purpose of a positive outcome of such procedure shall be examined in details.

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PHASE 2: PREPARATION OF THE *DATA ROOM*

The Special Administrators shall send to all the parties that, after the publication of the invitation, have expressed their interest, sending the request to Vinyls Italia S.p.A. in a.s. at the address: Porto Marghera (VE), via della Chimica, 5 (tel. n. 041 2912023 – fax 041 938145 to submit a valid purchase offer and have signed and returned the Confidentiality Declaration to the Administrators, (hereinafter referred to as “**Admitted bidders**”) the following documents:

- (i) a formal notification of access to the *Data Room*;
- (ii) the regulations regarding the access to the *Data Room* and the inspection of the documents contained therein (“**Data Room Regulations**”);
- (iii) a provisional list of the documents which shall be made available on the *Data Room* (so-called “**Check List**”);
- (iv) a short disclosure document containing the main data and information about the history, activity and structure of the business units to be sold (“**Information Memorandum**”).

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PHASE 3: OPENING OF THE *DATA ROOM* AND PERFORMANCE OF THE *DUE DILIGENCE*

In order to access to the *Data Room*, which shall be held from **20 September to 8 October**, all Admitted Bidders shall forward the following documents to the Administrators under the terms and conditions indicated for this purpose:

- (i) a copy of the *Data Room* Regulations, initialled on each page and signed at the foot of the final page as acceptance by the legal representative of the interested party or, in case of Consortium, by the legal representative of each participants to the Consortium;
- (ii) a list bearing the indication of the name and position (e.g. employee, legal counsel, financial consultant, etc.) of the persons responsible for accessing the *Data Room* (“**Work Team**”) and of the person designed as Work Team responsible (“**Responsible person**”).

The dates scheduled for the access of each Work Team to the *Data Room* shall be communicated to the Admitted Bidders who have regularly submitted the documents set out in sub-paragraphs (i) and (ii) directly by the Special Administrators, who reserve also the right to agree the terms and conditions for a potential visit to one or more production sites to be sold with the Admitted Bidders, who made a specific request thereof. The access to the *Data Room* shall terminate on **8 October 2010**.

All the information contained in the *Information Memorandum* and/or made available in the *Data Room* shall be independently verified by the Admitted Bidders. Vinyls Italia S.p.A., its employees, consultants and Special Administrators shall not be held responsible, nor shall be required to guarantee veracity and/or completeness of the information provided.

During the activity of *due diligence* all Admitted Bidders may forward in writing request for information, clarifications and/or further documents to the persons appointed for that purpose by the Special Administrators in accordance with the terms and conditions set out in the *Data Room* Regulations. The Special Administrators reserve the right, at their absolute discretion and without justification, to decide whether or not to meet the requests for information, clarifications and/or further documents. General or exploratory enquiries shall not be taken into account.

Any requests made during the activity of *due diligence* shall be sent by the Special Administrators to all the Admitted Bidders, where possible, together with the relevant answers, if any.

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PHASE 4: EVALUATION OF THE BINDING OFFERS RECEIVED BY THE SPECIAL ADMINISTRATORS

After the expiry of the deadline for submitting the offers, set at **6:00 pm of 22.10.2010**, the Special Administrators shall evaluate the offers received.

In accordance with Article 63 of the Prodi-*Bis* decree and the guidelines of the MISE, the Special Administrators shall evaluate the profitability of the offers submitted, taking into account, “*in addition to the value offered, the applicant's reliability and activity continuation plan, the preservation of the level of employment*”, and also the following additional parameters:

- a) the prospective purchaser’s industrial characteristics and financial soundness;
- b) the prospective purchaser’s maintenance of the integrity and uniformity of the business sold and also of the existing operational and commercial synergies;
- c) guarantees made by the prospective purchaser concerning the continuation of the business activities and the maintenance of the employment levels;
- d) number of Business Units involved in the offer (on the basis of the guidelines received by the MISE, the Special Administrators must favour the offers which concern more – or even all the - Business Units to be sold and allow to avoid the break-up of Vinyls Italia S.p.A. and the leakage of the relevant skills and *know how*);
- e) guarantees made by the prospective purchaser concerning the payment of the purchase price.

Subject to the approval of the Ministry for Economic Development and after consulting the Monitoring Committee, the Special Administrators shall generally favour the offer allowing the best balance between (I) industrial and employment prospects and (II) satisfaction prospects of the creditors.

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PHASE 5: POTENTIAL PRICE INCREASES

The Special Administrators reserve the right to consider starting a potential Phase of price increase (subject to prior appropriate notification to the interested parties).

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PHASE 6: TENDER AWARD AND SIGNATURE OF THE SALE AGREEMENT/AGREEMENTS OF THE BUSINESS UNITS

Once the Phase 4 (or Phase 5, if applicable) is completed, the Special Administrators shall submit the proposal(s) for award to the MISE, who is responsible for any final decision on the sale of the business units to be sold, pursuant to Article 42 of the Prodi-*Bis* decree and after hearing the opinion of the Monitoring Committee.

Once authorized by the Ministry, the Special Administrators shall initiate the formal trade-union consultation procedure provided for by Article 47 of Law 29.12.1990, no. 428 (as amended by the Legislative Decree no. 18 of 2.2.2001) and sign the transfer agreement(s) for the business units with the winning bidder(s).

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Venice, 1 September 2010

Special Administrators

Mr. Francesco Appeddu

Mr. Mauro Pizzigati

Mr. Giorgio Simeone