

BASE PROSPECTUS



ERG S.p.A.

(incorporated in the Republic of Italy as a joint stock company)

€2,000,000,000

Euro Medium Term Note Programme

Under this €2,000,000,000 Euro Medium Term Note Programme (the **Programme**), ERG S.p.A. (the **Issuer or ERG**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The Notes may be issued on a continuing basis to one or more of the Dealers specified under “*Overview of the Programme*” and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this base prospectus (the **Base Prospectus**) to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see “Risk Factors”.

This Base Prospectus has been approved as a base prospectus by the *Commission de Surveillance du Secteur Financier* (the **CSSF**), as competent authority under Regulation (EU) 2017/1129 (the **Prospectus Regulation**). The CSSF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the CSSF should not be considered as an endorsement of the Issuer or of the quality of the Notes. Investors should make their own assessment as to the suitability of investing in the Notes.

The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with Article 6(4) of the Luxembourg Law dated 16 July 2019. Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

References in this Base Prospectus to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been admitted to the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (as amended, Directive 2014/65/EU).

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date of approval (being 1 July 2020) in relation to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the EEA). For these purposes, reference(s) to the EEA include(s) the United Kingdom.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under “*Terms and Conditions of the Notes*”) of Notes will be set out in a final terms document (the **Final Terms**) which will be filed with the CSSF.

Copies of Final Terms in relation to Notes to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

The Long-Term Issuer Default Rating of the Issuer provided by Fitch Italia S.p.A. (**Fitch**) is "BBB-". Fitch is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. According to Fitch, such ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity. Notes issued under the Programme may be rated or unrated by Fitch. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the long-term debt of the Issuer by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Amounts payable on Floating Rate Notes will be calculated by reference to one of LIBOR and EURIBOR as specified in the relevant Final Terms. As at the date of this Base Prospectus, the administrators of LIBOR and EURIBOR are included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the **Benchmarks Regulation**).

Arrangers and Dealers

BNP PARIBAS

Crédit Agricole CIB

Mediobanca

The date of this Base Prospectus is 1 July 2020.

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus in respect of all Notes for the purposes of Article 8 of the Prospectus Regulation. When used in this Base Prospectus, Prospectus Regulation means Regulation (EU) 2017/1129.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated in it by reference (see “*Documents Incorporated by Reference*”). This Base Prospectus shall be read and construed on the basis that those documents are incorporated and form part of this Base Prospectus.

Other than in relation to the documents which are deemed to be incorporated by reference (see “*Documents Incorporated by Reference*”), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinised or approved by the CSSF.

The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning the Issuer is correct at any time subsequent to its date or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

IMPORTANT – EEA AND UK RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled “*Prohibition of Sales to EEA and UK Retail Investors*”, the Notes are not intended

to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the United Kingdom (the **UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

MiFID II product governance / target market – The Final Terms in respect of any Notes will include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the EEA (including, for these purposes, the United Kingdom, Belgium and Italy) and Japan, see "*Subscription and Sale*".

SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

FORWARD-LOOKING STATEMENTS

This Base Prospectus, including, without limitation, any documents incorporated by reference herein, may contain forward-looking statements, including (without limitation) statements identified by the use of terminology such as "anticipates", "believes", "estimates", "expects", "intends", "may", "plans", "projects", "will", "would" or similar words. These statements are based on the Issuer's current expectations and projections about future events and involve substantial uncertainties. All statements, other than statements of historical facts, contained herein regarding the Issuer's strategy, goals, plans, future financial position, projected revenues and costs or prospects are forward-looking statements. Forward-looking statements are subject to inherent risks and uncertainties, some of which cannot be predicted or quantified. Future events or actual results could differ materially from those set forth in, contemplated by or underlying forward-looking statements. The Issuer does not undertake any obligation to publicly update or revise any forward-looking statements.

INDUSTRY AND MARKET DATA

Certain information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to the Issuer's business contained in this Base Prospectus consists of estimates based on data reports compiled by professional organisations and analysts, on data from other external sources, and on the Issuer's knowledge of sales and markets. In many cases, there is no readily available external information (whether from government bodies or other organisations) to validate market-related analyses and estimates, requiring the Issuer to rely on internally developed estimates. In respect of information in this Base Prospectus that has been extracted from a third party, the Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Although the Issuer believes that the external sources used are reliable, the Issuer has not independently verified the information provided by such sources.

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STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) acting as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, if appropriate, a new Base Prospectus or a supplement to the Base Prospectus, will be published.

This Overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980 (the **Delegated Regulation**).

Words and expressions defined in “*Form of the Notes*” and “*Terms and Conditions of the Notes*” shall have the same meanings in this Overview.

Issuer: ERG S.p.A.

Issuer Legal Entity Identifier (LEI): 8156004604684CA44A90

Risk Factors: There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these are set out under “*Risk Factors*”.

Description: Euro Medium Term Note Programme

Arrangers and Dealers: BNP PARIBAS

Crédit Agricole Corporate and Investment Bank

Mediobanca - Banca di Credito Finanziario S.p.A.

and any other Dealers appointed in accordance with the Programme Agreement.

Certain Restrictions: Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “*Subscription and Sale*”) including the following restrictions applicable at the date of this Base Prospectus.

Notes having a maturity of less than one year

Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (**FSMA**) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “*Subscription and Sale*”.

Issuing and Principal Paying Agent:	BNP Paribas Securities Services, Luxembourg Branch
Programme Size:	Up to €2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, notes may be denominated in euro, Sterling, U.S. dollars, and any other currency agreed between the Issuer and the relevant Dealer.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes	The Notes will be issued in bearer form as described in “ <i>Form of the Notes</i> ”.
Fixed Rate Notes:	<p>Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.</p> <p>The Rate of Interest payable on Fixed Rate Notes which are Step-up/Step-down Notes will be subject to adjustment following the occurrence (or deemed occurrence) of certain changes in the ratings of the Notes, see further Condition 4.3 (<i>Interest on Step-up/Step-down Notes</i>).</p>
Floating Rate Notes:	<p>Floating Rate Notes will bear interest at a rate determined:</p> <ul style="list-style-type: none"> (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (b) on the basis of the reference rate set out in the applicable Final Terms.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes. The Margin on Floating Rate Notes which are Step-up/Step-down Notes will be subject to adjustment following the occurrence (or deemed occurrence) of certain changes in the ratings of the Notes, see further Condition 4.3 (*Interest on Step-up/Step-down Notes*).

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Zero Coupon Notes:

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Benchmark discontinuation:

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.5(b) (*Successor Rate or Alternative Rate*)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4.5(c)) (*Adjustment Spread*)) and any Benchmark Amendments (in accordance with Condition 4.5(d) (*Benchmark Amendments*)).

Redemption:

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see “*Overview of the Programme - Certain Restrictions - Notes having a maturity of less than one year*” above.

Issuer Call:

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption),

redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

Clean-Up Call:

If Clean-Up Call is specified as being applicable in the applicable Final Terms, in the event that 20 per cent. or less of the initial aggregate principal amount of a particular Series of Notes (including any Notes issued pursuant to Condition 15 (*Further Issues*)) remains outstanding, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the outstanding Notes in that Series at par together with any interest accrued to the date set for redemption.

Change of Control Put:

If Change of Control Put is specified as being applicable in the applicable Final Terms and a Put Event (as defined below) has occurred, each Noteholder may, during the Change of Control Redemption Period (as defined below), notify the Issuer, as further provided below, that it requires the early redemption of all or some of its Notes. The Issuer, will redeem in whole (but not in part) the Notes the subject of the notice on the Change of Control Redemption Date (as defined below) at the Optional Redemption Amount specified in applicable Final Terms together with accrued interest thereon up to (but excluding) the Change of Control Redemption Date.

A Put Event will be deemed to have occurred if (A) a Change of Control (as defined in Condition 6.5 (*Redemption at the option of the Noteholders upon a Change of Control (Change of Control Put)*)) occurs, (B) at the time of the later of the first public announcement and the occurrence of the Change of Control, a Rating Event (as defined in Condition 6.5 (*Redemption at the option of the Noteholders upon a Change of Control (Change of Control Put)*)) occurs, and (C) in making the relevant decision relating to the Rating Event (as defined in Condition 6.5 (*Redemption at the option of the Noteholders upon a Change of Control (Change of Control Put)*)), the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision resulted, in whole or in part, from the Change of Control.

Denomination of Notes:

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see “*Overview of the Programme* -

Certain Restrictions - Notes having a maturity of less than one year”, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amounts in such currency).

Taxation:

All payments in respect of the Notes will be made free and clear of withholding or deduction for, or on account of, taxes imposed by any Tax Jurisdiction unless the withholding or deduction is required by law. In such event, the Issuer will, save in certain limited circumstances provided in Condition 7 (*Taxation*), pay such additional amounts as will result in the holders of the Notes receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required.

Negative Pledge:

The terms of the Notes will contain negative pledge provisions as further described in Condition 3 (*Negative Pledge*).

Cross Default:

The terms of the Notes will contain a cross default provision as further described in Condition 9 (*Events of Default*).

Status of the Notes:

The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

Rating:

The Long-Term Issuer Default Rating of the Issuer provided by Fitch is "BBB-". According to Fitch, such ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity. Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the rating assigned to the long-term debt of the Issuer. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Listing:

Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made for Notes issued under the Programme to be listed on the Luxembourg Stock Exchange.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Governing Law:

The Agency Agreement, the Deed of Covenant, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes and the Coupons are governed by, and construed in accordance with, English law, provided that Condition 12 (*Exchange of Talons*) and the provisions of the Agency Agreement concerning meetings of Noteholders are subject to compliance with the laws of the Republic of Italy.

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including, for these purposes, the United Kingdom, Italy and Belgium) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see “*Subscription and Sale*”.

United States Selling Restrictions:

Regulation S, Category 2. TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms.

RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the industry(ies) in which it operates together with all other information contained in this Base Prospectus, including, in particular, the risk factors described below, including any document incorporated by reference herein.

The Issuer believes that the following risk factors may affect its ability to fulfil its obligations under the Notes issued under the Programme and/or may have a negative impact on the price of the Notes resulting in a partial or total loss of the investment of the Noteholders. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer, based on information currently available to it or which it may not currently be able to anticipate.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including, without limitation, any documents incorporated by reference herein) and reach their own views prior to making any investment decision, based upon their own judgement and upon advice from such financial, legal and tax advisers as they have deemed necessary.

References in these "Risk Factors" to the "Terms and Conditions of the Notes" are to the Terms and Conditions of the Notes appearing elsewhere in this Base Prospectus and as completed by the Final Terms of the relevant Tranche of Notes. Prospective investors should read the entire Base Prospectus.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME

Factors that may affect the Issuer's ability to fulfil its obligations under the Notes

Risks relating to the Issuer's financial situation

The ERG Group is vulnerable to any decrease in the prices obtained for the electricity of the ERG Group which could have a material adverse effect on its results of operations and financial condition

In the ordinary course of its business, the ERG Group is exposed to the risk of decreases in the prices obtained for electricity. Changes in global commodity prices, available cross-border capacities (caused, for example, by renewable energy sources or flow-based allocation) or a decline in electricity demand in the countries in which the ERG Group operates, or increased energy efficiency, could cause a decrease in the price of electricity.

The demand for electricity is the main driver for determining the electricity price as determined in the Italian electricity market managed by GME ("Gestore del Mercato Elettrico"). Electricity demand is strongly affected by the level of economic activity in a given country. Electricity demand in Italy for 2019 (319.6 TWh) decreased by 0.6 per cent. compared to the previous year (321.4 TWh). Renewable sources (112.9 TWh) cover about 35 per cent. of national demand. In addition, the decrease in demand for energy has put pressure on sales margins due also to greater competition.¹ The crises which have affected the banking system and financial markets in recent years, together with other factors, have resulted in economic recessions in Italy and other countries in the EU where the ERG Group operates. This negative situation has been exacerbated by the COVID-19 pandemic. See also

¹ Source: https://download.terna.it/tema/Rapporto_Mensile_Marzo%202020_8d7e2e8daf6c65c.pdf

Adverse macroeconomic and business conditions may adversely affect the ERG Group's business, financial condition, results of operations and prospects".

Any decrease in electricity price could compromise the achievement of the objectives defined in the 2018-2022 Business Plan, which could have a material adverse effect upon the ERG Group, its business prospects, its financial condition and its results of operations.

Adverse macroeconomic and business conditions may adversely affect the ERG Group's business, financial condition, results of operations and prospects

Since the second half of 2007, disruption in the global financial markets has created increasingly difficult conditions, including decreased liquidity and availability of credit and greater market volatility, which continue to affect the functioning of financial markets and the global economy. The international macroeconomic situation is currently characterised by uncertainty, due in part to the outbreak of the coronavirus ("COVID-19") that has escalated into a global pandemic, the progressive heightening of tensions in international trade between the United States and China, the slowdown of economic growth recorded in the Eurozone, the increase in the volatility of international equity markets in a context of increased risk aversion among investors, and the volatility that has characterised the European corporate bond markets which have been negatively affected by the global macroeconomic scenario. Furthermore, concerns persist regarding the debt and/or deficit burden of certain Eurozone countries, including Italy, and their ability to meet future financial obligations.

Due to the COVID-19 outbreak, the countries in which the ERG Group operates, and many other countries in Europe and worldwide have introduced quarantines and other restrictive measures intended to prevent the spread of COVID-19. These restrictive measures have led to serious interruptions in business, economic and day-to-day activities in the countries in which the ERG Group companies operate and many other countries around the world, affecting, among other things, manufacturing, electricity consumption, trade, consumer confidence, levels of unemployment, the housing market, the commercial real estate sector, debt and equity markets, counterparty risk, inflation, the availability and cost of credit, transaction volumes in wholesale and retail markets, the liquidity of the global financial markets and market interest rates. These factors have resulted in a widespread deterioration in the economies of these countries.

The impact of the COVID-19 pandemic on production and aggregate demand has been apparent in the economies of all countries; and a very sharp reduction in world trade is expected this year. The spread of COVID-19 in Italy and the measures adopted to counter it have had significant repercussions on economic activity. In Italy, as in other European countries, share prices have fallen and the BTP-Bund spread has widened significantly, against a backdrop of a sharp rise in risk aversion and a deterioration in liquidity conditions on the markets. In particular, a decrease in industrial production and the relevant consumption can adversely affect the demand for electricity, with a consequential negative impact on the price of electricity.

Broad measures have been taken to support the European economy, including the ECB having taken action to ease monetary conditions, adopting a number of measures including expansionary refinancing operations to support firms' liquidity and a new pandemic emergency asset purchase programme. The speed of any economic recovery will depend on the effectiveness of the economic policies in alleviating the economic impact, and there is no guarantee that such measures will have a successful outcome.

In addition, there can be no assurance that the economy in Italy and Europe in general will not worsen, nor can there be any assurance that current or future assistance packages or measures will be available or, even if provided, will be sufficient to stabilise the affected countries and markets and secure the position of the Euro. Continuation of further worsening of these difficult financial and macroeconomic conditions could have a material adverse effect upon the ERG Group, its business prospects, its financial condition and its results of operations.

The ERG Group is subject to liquidity risk

Liquidity risk is the risk that the ERG Group, while solvent, may not be able to meet its short-term and/or medium/long-term payment commitments, or may be able to do so only on unfavourable conditions, because of difficulty in obtaining funds or in liquidating assets on the market, or due to inadequate management of the entity's own liquidity. This may materially and adversely affect the ERG Group's results of operations and financial condition should the ERG Group be obliged to incur extra costs to meet its financial commitments or, in extreme cases threaten the ERG Group's future as a going concern and lead to insolvency.

There is no guarantee that the ERG Group will be successful in locating suitable sources of financing in the time periods required or at all, or on terms or at costs that it finds attractive or acceptable, which may render it impossible for it to fully execute its strategy. In addition, any rise in interest rates or deterioration in global liquidity or the macroeconomic environment could adversely impact its ability to secure financing on favourable terms.

There is no guarantee that the ERG Group's liquidity risk mitigation strategy, which involves the pursuit of a financial structure that is balanced in terms of duration and composition and the systematic generation of cash by its own business activities, and aims to achieve a diversity of funding sources and a balance in terms of duration and composition of debt will be sufficient to cover the risk that the ERG Group becomes unable to meet its financial commitments. To the extent they do not, this may have a negative impact on the business prospects, revenues, results of operations and financial condition of the ERG Group and have a consequential adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The loan agreements entered into by ERG Group companies contain restrictive covenants

The ERG Group makes use of medium to long-term credit facilities, mainly for corporate financing and project financing operations, including in order to finance the development of the ERG Group's projects. Financing agreements governing the ERG Group's credit facilities typically contain covenants that must be complied with by the relevant borrower, either ERG or other companies of the ERG Group, as the case may be. These include financial covenants, as well as non-financial covenants, such as negative pledge provisions relating to the pledging of assets, among others. Failure to comply with any of these covenants could, unless a prior waiver is obtained or amendment made, constitute an event of default thereunder and in some circumstances could also trigger an event of default pursuant to the Terms and Conditions of the Notes. In addition, covenants such as the "negative pledge" and "change of control" clauses and covenants requiring the maintenance of particular financial ratios may limit the ERG Group's ability to acquire or dispose of assets or incur new financial indebtedness.

Should market conditions deteriorate or fail to improve, or the Issuer's operating results decrease in the future, the Issuer may have to request amendments or waivers to its covenants and restrictions. However, there can be no assurance that the Issuer will be able to obtain such relief. A breach of any of these covenants or restrictions could result in a default and acceleration that would, subject to certain thresholds, permit its creditors to declare all amounts borrowed to be due and payable, together with accrued and unpaid interest and the commitments of the relevant lenders to make further extensions of credit could be terminated. The Issuer's future ability to comply with financial covenants and other conditions, make scheduled payments of principal and interest, or refinance existing borrowings depends on future business performance that is subject to economic, financial, competitive and other factors. The foregoing could have a negative impact on the business prospects, revenues, results of operations and financial condition of the ERG Group and have a consequential adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The ERG Group has exposure to credit risk arising from its commercial activities

The ERG Group is exposed to risk deriving from its commercial, commodity and financial transactions of an unexpected change in the creditworthiness of counterparties. This may include counterparties in relation to which there is an exposure significant enough to negatively affect the income statement, statement of financial position and/or reputation of the ERG Group if such counterparties are unable to pay their debts as they fall

due, in whole or in part. The processes which the ERG Group has in place to assess counterparties may not be adequate to promptly predict any worsening in the creditworthiness of a counterparty. A single default by a major financial counterparty, or an increase in current default rates by counterparties generally, could have a negative impact on the business prospects, revenues, results of operations and financial condition of the ERG Group and have a consequential negative impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The ERG Group is exposed to interest rate risk arising from its financial indebtedness

ERG is subject to interest rate risk arising from the different forms of financing used by the ERG Group to cover the requirements of its industrial activities, as an unexpected change in interest rates may entail a change in the value of financial positions and of their level of cost.

Changes in market interest rates can have such negative impacts on the level of financial expenses and in the cost of financing so as to compromise the ERG Group's financial stability and its capital adequacy. An increase or decrease in interest rates will increase or decrease interest expense of the ERG Group associated with such borrowing.

There is no guarantee that the ERG Group's interest rate risk management policy, which has the objective of limiting interest rate volatility by identifying a balanced mix of fixed rate and variable rate financing and the use of derivative hedge instruments which limit the effects of interest rate fluctuations, will actually have the effect of reducing losses connected to fluctuations in interest rates. To the extent it does not, a significant increase in interest expense could have a material adverse effect on the business, revenues, results of operations and financial condition of ERG and the ERG Group and have a consequential negative impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The ERG Group is exposed to exchange rate risk

The ERG Group is exposed to exchange rate risks in relation to cash flows connected to the purchase and/or sale of electricity on the international markets, cash flows related to investments or other financial income or expenses denominated in foreign currencies, cash flows related to the purchase or sale of equity participations, and indebtedness in currencies different from those used in the countries where the ERG Group has its principal operations. At the date of this Base Prospectus, the ERG Group has minor exposure to fluctuations of the euro against the pound sterling, which has recently been subject to market volatility.

Fluctuations in exchange rates can have considerable impacts on profits of the ERG Group from the effect of the different significance of costs and revenues denominated in a foreign currency compared to the time when the price conditions were defined, as a result of the conversion of trade or financial receivables/payables denominated in a foreign currency, and through the effect of the conversion of assets and liabilities of companies that prepare their financial statements in another currency.

There can be no guarantee that the exchange rate risk strategy adopted by the ERG Group, including derivative instruments, will actually have the effect of reducing losses connected to fluctuations in exchange rates. To the extent it does not, this could have a material adverse effect on the business, revenues, results of operations and financial condition of ERG and the ERG Group and have a consequential negative impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

A downgrade of the Issuer's credit rating may impact its funding ability

The Issuer's ability to access the capital markets, other forms of financing and costs associated thereto, depends, *inter alia*, on the rating assigned to the Issuer. As at the date of this Base Prospectus, the credit rating of the Issuer by Fitch Italia S.p.A. is BBB-. As well as ERG's rating being influenced by internal factors, it is also tied to the wider economy and Italy's sovereign debt rating. Accordingly, any downgrading of the sovereign debt of Italy may have a consequential effect on the rating of the Issuer. Any downgrade of ERG's rating as well as a downgrade of the sovereign credit rating of Italy may result in higher funding and refinancing

costs for the ERG Group, including in the capital markets, which in turn may have an adverse impact on the ERG Group's competitive position and an adverse effect on the ERG Group's standing in the market and the markets' perception of ERG's creditworthiness, with related adverse effects on the ERG Group's business prospects. This could have a consequential adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

Risks associated with consequences of the United Kingdom's exit from the European Union

The UK's membership of the EU ended on 31 January 2020 ("**Brexit**") in accordance with the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (the "**Withdrawal Agreement**"). The Withdrawal Agreement provides for a transition period until 31 December 2020 during which existing and new EU law will apply in the UK. The transition period may be extended once by mutual consent of the parties by up to two years. However, the UK legislation ratifying the article 50 withdrawal agreement (the European Union (Withdrawal) Act 2018 as amended by the European Union (Withdrawal Agreement) Act 2020 (as so amended, the "**EUWA**")) contains a prohibition on a Minister of the Crown agreeing any extension to the transition period. While this does not entirely remove the prospect that the transition period will be extended (as the UK Parliament could pass legislation that would override the effect of the prohibition in the EUWA), the likelihood of a further extension is reduced.

Overall, Brexit and the lack of an agreement on the future relationship of the EU and the UK poses a high level of potentially prolonged uncertainties both politically and economically, mainly in the UK and the EU. These uncertainties, together with other potential developments such as rising trade tensions, may add further downward pressure on world economic growth and global financial stability and, may have effects on the ERG Group, as a result of an increase in volatility across various asset classes and financial markets, higher funding costs, and a devaluation of the British Pound Sterling relative the Euro, any of which may adversely affect the business of the ERG Group.

If the ERG Group is required to write down goodwill and other non-financial assets, the Group's financial results would be negatively affected

The ERG Group's balance sheet at 31 December 2019 included Euro 1.1 billion of goodwill and other non-financial assets, which amounted to approximately 24 per cent. of the ERG Group's total assets of Euro 4.6 billion. Such goodwill and other non-financial assets have arisen principally in connection with the Group's business combinations which have occurred in recent years. Goodwill related to business combinations is not amortized, but is tested for impairment on an annual basis. If the recoverable amount of the reporting cash generating units to which the goodwill refers is lower than its carrying amount, an impairment loss occurs. There are several risks that may cause the fair value of a cash generating reporting unit to fall below its carrying amount, which could lead to the measurement and recognition of goodwill impairment. These risks include, but are not limited to, legal, regulatory, business or operational issues including failure to realize anticipated synergies from acquisitions, significant negative variances between actual and expected financial results, and lowered expectations of future financial results. Should the Group be required to write down its goodwill and other non-financial assets following an impairment test, the Group's financial results in the relevant period could be adversely affected, which could have a negative impact on the business prospects, revenues, results of operations and financial condition of the ERG Group and have a consequential negative impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

Risks relating to the Issuer's business activities and industry

Weather and atmospheric conditions could materially adversely affect the ERG Group's operations

Revenues of the ERG Group's electricity generation business are linked to the amount of energy generated by its wind, hydroelectric and solar plants, which is in turn dependent upon atmospheric conditions including conditions impacting the availability of renewable energy sources such as sun, wind and water. Sources of renewable energy such as water, wind and sun are affected by the natural variations from season to season and

from year to year, and may also change permanently due to climate change or other factors beyond the Issuer's control. Weather changes can produce significant effects in the ERG Group's production of electricity from renewable sources. In particular, the ERG Group's electricity generation involves hydroelectric generation and wind and solar plants and, consequently, the Issuer is dependent upon hydrological conditions prevailing from time to time in the geographic area where the relevant hydroelectric generation facilities and wind and solar plants are located. Weather forecasting instruments or risk analysis statistical models employed by the Issuer may not be accurate, and as a consequence may not be sufficient to predict, or to accurately quantify, the effects of any unfavourable weather or climatic conditions at the sites in which generation facilities are located. In addition, climate change may have a negative effect on the ERG Group, as any associated decrease in availability of renewable resources may limit or impede the Issuer's operations, increase operation and maintenance costs, or increase insurance and/or compliance costs. Any material weather phenomena that negatively affects the ERG Group's business, including as a result of climate change, could reduce the output levels of the Issuer's generation facilities and negatively affect the ERG Group's business, which could have a negative impact on the business prospects, revenues, results of operations and financial condition of the ERG Group and have a consequential negative impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

ERG's ability to achieve its strategic objectives is not assured and could be impaired, including if the critical assumptions on which its investment decisions are based proves to be incorrect

The main strategic objectives of the ERG Group are to consolidate and strengthen its position in the renewable energy market, both domestically and abroad and, particularly, to increase its generation portfolio via three channels: a) Greenfield and Co-Development (expansion by way of organic growth and/or co-development agreements in wind power as regards France, Germany and the United Kingdom); b) Repowering and Re-blading in Italy (interventions concerning wind farms with obsolete technology); and c) M&A: growth overseas in wind power in target countries and as to solar energy in Italy.

The strategy of the ERG Group is based on a series of critical assumptions, including among others, the evolution of demand and prices for electricity and average investment costs for the plants in the markets in which the ERG Group operates, trends in relevant macroeconomic variables, and the evolution of the regulatory framework applicable to the ERG Group.

In the event that one or more of the strategy's underlying assumptions proves incorrect or events evolve differently than as contemplated in the strategy (including because of events affecting the ERG Group arising from the current difficult macroeconomic conditions, and any associated decreases in the prices obtained for the electricity generated by the ERG Group, or other events that may not be foreseeable or quantifiable, in whole or in part, as of the date of this Base Prospectus) the anticipated events and results of operations indicated in the strategy and in this Base Prospectus could differ from actual events and results of operations. See also: " "

Adverse macroeconomic and business conditions may adversely affect the ERG Group's business, financial condition, results of operations and prospects" and "—The ERG Group is vulnerable to any decrease in the prices obtained for the electricity of the ERG Group which could have a material adverse effect on its results of operations and financial condition

Furthermore, the Base Prospectus contains certain statements and estimates regarding the ERG Group's competitive position in certain markets, including with respect to its pre-eminence in particular markets. Such statements are based on the best information available to the ERG Group's management as of the date of this Base Prospectus. However, the ERG Group faces competitive risks and its market positions may diverge from those expressed herein as a result of a variety of factors.

Any failure by the ERG Group to execute its strategy, either in full in or in part, or maintain its current market position, could have a material adverse effect upon the ERG Group, its business prospects, its financial condition and its results of operations and have a consequential negative impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

ERG's ability to achieve its strategic objectives is not assured and could be impaired, inter alia, if it is unable to maintain or obtain the required incentives, licences, authorisations, permits, approvals and consents

In order to carry out its activities and implement any expansion of its business, the ERG Group needs to obtain, maintain and comply with a variety of incentives, licences, authorisations, permits and approvals from regulatory, legal, administrative, tax and other authorities and agencies for the construction, operation and maintenance of its projects. The processes for obtaining these incentives, permits and approvals are often lengthy, complex, unpredictable and costly. During the operational phase, ERG or the relevant ERG subsidiary concerned is required to operate and maintain the managed facility in compliance with certain qualitative and quantitative requirements set forth in the concession agreement or by regulation. For example, the concessionaire or the plant owner is usually required to obtain, maintain, and comply with the required licences, permits and authorisations for the construction, operation and maintenance of a project.

Failure to comply with the pre-established conditions may result in the reduction of the payable tariffs, incentives or fees, the imposition of contractual penalties or, in extreme cases, the termination of concession agreements or revocation of incentives.

If the ERG Group is unable to obtain, maintain or comply with the terms of the relevant incentives, licences, authorisations, permits and approvals, or if it delays or fails to renew, or faces a challenge to or the revocation of such incentives, licences, authorisations, permits or approvals, its ability to achieve its strategic objectives could be impaired, and it could incur costs and losses, all of which could have a material adverse effect on the business, revenues, results of operations and financial condition of the ERG Group and have a consequential negative impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The ERG Group is dependent on concessions in order to conduct its hydroelectric business activities. Any failure to renew at expiry or loss of concessions currently held by the ERG Group may adversely affect the ERG Group's business, results of operations and financial condition

The ERG Group's hydroelectric business activities are dependent on concessions from local authorities for the management of the ERG Group's hydroelectric power plants, which are due to expire at the end of 2029. There is no assurance that any such concessions will be renewed. If such concessions are renewed, it may be on economic terms that are more burdensome for the ERG Group and no assurances can be given that the ERG Group will enter into new concessions in the area in which it operates and/or in new areas to permit it to carry on its core business after the expiry or termination of each relevant concession, or that any new concessions entered into or renewals of existing concessions will be on terms similar to those of its current concessions.

Concessions, including those referred to above, are governed by agreements with the relevant grantor requiring the relevant concession holder to comply with certain obligations (including performing regular maintenance). Each concession holder is subject to penalties or sanctions for the non-performance or default rules that regulate the duration and conditions of large scale hydroelectric concessions. In particular, failure by a concession holder to fulfil its material obligations under a concession could, if such failure is left unremedied, lead to early termination by the grantor of the concession. In accordance with general principles of Italian law, a concession can, *inter alia*, be terminated early for reasons of public interest. The relevant concession holder might be required to transfer all of the assets relating to the operation of the concession to the grantor or to the incoming concession holder.

The expiry or termination of existing hydroelectric concessions for any reason whatsoever and the failure of the ERG Group's entities to enter into new concessions or renew existing concessions, in each case on similar or otherwise favourable terms, may have a negative impact on the business prospects, revenues, results of operations and financial condition of the ERG Group and could have an adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes. For further information on concessions, see "*Description of the Issuer and the ERG Group – Business of the ERG Group – Business sectors – Solar Power – Concessions*".

Risks relating to acquisitions

The ERG Group has made in the past, and may make in the future, strategic business acquisitions in order to expand or complement its existing business, achieve synergies and cost savings, and improve operating efficiencies. Any such initiative requires the integration and combination of different management, strategies, procedures, services and client bases and is inherently risky. In particular, the Issuer's business strategy involves acquisitions and investments in its core businesses (including wind and solar power businesses). The success of this strategy depends in part on its ability to identify successfully and acquire suitable companies and other assets on acceptable terms and, once they are acquired, on their successful integration into the ERG Group's operations, as well as its ability to identify suitable strategic partners and conclude satisfactory terms with them.

All new investments and acquisitions are subject to a range of market, credit, business, regulatory, operational and other risks, which might undermine the objectives or profitability of the project. Risks affecting the ERG Group's ability to realise successes from the acquisitions include, among others:

- Inability to achieve strategic objectives, cost savings and other benefits from the acquisition.
- Lack of success by the acquired business in the markets in which it operates.
- Difficulties in integrating the newly acquired business and operations in an efficient and effective manner.
- Loss of key employees of the acquired business.
- Difficulty in integrating human resources and operating and inventory management systems of the acquired business with those of the ERG Group.
- Cultural differences between the ERG Group's organisation and that of the acquired business.
- Liabilities that were not known at the time of the due diligence carried out for the purpose of the acquisitions or the need to address unexpected tax or accounting issues, which in turn result in lower revenues than those originally projected.
- Problems related to the coordination and consolidation of corporate and administrative functions (including internal controls and procedures relating to accounting and financial reporting).

Furthermore, the process of integration may require additional investment and expense and may be more complex, costly and time-consuming than anticipated. As a result, the ERG Group may fail to achieve its growth strategy and/or the intended benefits of any acquisition or fail to do so within the period of time initially envisaged.

In addition, the economic and financial forecasting and modelling in relation to the expected returns during the lifetime of any project relating to an acquisition may not be accurate, including due to the inherent difficulty of developing such forecasts with any certainty over the lifetime of a project, which could have an adverse impact on the income or value of assets.

Any of the foregoing could have a negative impact on the business prospects, revenues, results of operations and financial condition of the ERG Group and have a consequential adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The ERG Group is exposed to risks associated with fluctuations in the prices of certain commodities

In the ordinary course of business, the ERG Group is exposed to various risks relating to fluctuations of commodity prices. Product categories that may have an impact on the ERG Group's operating results are as follows:

- *Electricity prices.* The ERG Group is engaged in the generation and sale of electricity. Accordingly, fluctuations in the price of electricity for provision and supply agreements could have a significant effect on the ERG Group's operating results. See also: "*The ERG Group is vulnerable to any*

decrease in the prices obtained for the electricity of the ERG Group which could have a material adverse effect on its results of operations and financial condition

- *Natural gas, CO₂, and Energy Efficiency Certificate ("EEC") prices.* Through the ERG Group's operation of a high-efficiency cogeneration thermoelectric power plant, which uses combined cycle technology fuelled with natural gas, it is exposed to fluctuations in the prices of natural gas, CO₂, or EECs (as such certificates are exchanged in a regulated market or through bilateral negotiations between operators).

There is no guarantee that the risk management policies adopted by the ERG Group, including, *inter alia*, derivative instruments, forward contracts or other hedging transactions, will be sufficient to adequately hedge its exposure to fluctuations in the prices of commodities, including those mentioned above.

Any failure to properly manage the risk of significant fluctuations in the price of commodities could have a negative impact on the business prospects, revenues, results of operations and financial condition of the ERG Group and may have a negative impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

Risk relating to countries in which the ERG Group operates

The ERG Group operates renewable energy facilities in Italy and in other European countries. Changes in the political, legislative, economic and/or social framework in any of these countries may have negative impacts on operations, income statement results and/or the financial equilibrium of the ERG Group, if such changes led to, for example, (i) the lack of a stable legislative framework and uncertainties regarding the protection of rights of foreign workers in the event of breaches of contract by government entities or other private parties; (ii) punitive application of laws or unilateral changes to contracts that result in the reduction in value of the ERG Group's assets; (iii) increases in taxation on the ERG Group's operations; (iv) complex authorisation processes that impact the time-to-market of development projects; (v) such countries diverging with or delaying climate change targets, consequentially reducing their investments in renewable energy infrastructure; and (vi) unilateral changes in the incentive systems which the ERG Group benefits from that result in the reduction in value of the ERG Group's assets.

Any of the abovementioned developments in the political, legislative, economic and/or social framework of the countries in which the ERG Group does business could cause delays and/or cancellations of strategic projects, which would have a material adverse effect on the ERG Group's competitiveness, business, financial condition and results of operations with a consequential adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The ERG Group is exposed to operational risks through its ownership and management of power stations and plants, and may not have adequate insurance to cover all risks

The main assets of the ERG Group include wind farms, photovoltaic plants, hydroelectric plants, dams and reservoirs, and thermoelectric plants. Operating these assets involves risks and hazards that may adversely affect operations, including events outside of the ERG Group's control, such as extreme weather phenomena, adverse meteorological conditions, natural disasters (including earthquakes), fire, terrorist attacks, sabotage (including cyber-attacks targeting the ERG Group's information & communication technology ("ICT") systems), mechanical breakdown of or damage to equipment or processes (including ICT systems), accidents and labour disputes.

These and other hazards can cause significant personal injury or death, severe damage to and destruction of property, plant and equipment, contamination of, or damage to, the environment and suspension of operations, affecting in more serious cases, production capacity and compromising business continuity. The occurrence of any of these events could cause damage or destruction of the ERG Group's assets and, in turn, result in economic losses, cost increases, or the necessity to revise the ERG Group's investment plans.

Service interruptions, malfunctions, casualties or other significant events could result in the ERG Group being exposed to litigation, which in itself could generate obligations to pay damages to third parties, and/or the imposition of civil penalties including fines.

The ERG Group's plant management policies, maintenance procedures, tools for detecting any anomalies in the performance of assets including ICT systems, and/or training, may not be suitable to foresee or offset the effects of any of the abovementioned risks.

Although the ERG Group has insurance coverage against some, but not all, of these events, such coverage may prove insufficient to fully offset against all losses which it may suffer. In addition, the insurance policies of the ERG Group are subject to periodic revision by insurers, and there is no assurance that it will be able to renew these policies on similar or otherwise acceptable terms, if at all.

The occurrence of one or more of the events described above, or other similar events, could have a negative impact on the business prospects, revenues, results of operations and financial condition of the ERG Group and may have a consequential negative impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The ERG Group is subject to risks to its information & communication technology (ICT) systems

The ERG Group's activities are managed through ICT systems which support its main operational, administrative and commercial processes. Any interruptions in these systems, caused by obsolescence, inadequacy, technical failures, intentional acts, discontinuity in the implementation, maintenance, and/or the failure to update such ICT systems to meet the needs of the business, significant malfunction, service disruption or a security breach compromising the operations of the ERG Group or failure by the ERG Group to maintain adequate management of its ICT systems and adequate technical training for its employees could damage the ERG Group's reputation, disrupt its business and adversely impact its ability to compete.

The ERG Group's ICT systems as well as those of its service providers remain potentially vulnerable to internal or external attacks and/or accidental events. Depending on their nature and scope, such attacks or events could lead to the leakage of confidential information, improper use of the ERG Group's ICT systems, manipulation and destruction of data, defective products, production downtimes and supply shortages.

Any security failures leading to disclosure of sensitive information or data breaches, whether due to intentional or unintentional actions, including negligence or misconduct of employees, may have a negative impact on the ERG Group's reputation, relationship with external entities (government, regulators, partners and suppliers, among others), strategic positioning with relation to competitors, and results of operations.

The procedures, processes, standards of physical security, models of behaviour and/or the disaster recovery system which the ERG Group has established may not be sufficient to eliminate the risk, or alleviate the effects, of any failure of the ICT systems or any cyber-incident.

The costs which the ERG Group may need to incur to reduce or address any security vulnerabilities before or after a cyber-incident could be significant, which could have a negative impact on the business prospects, revenues, results of operations and financial condition of the ERG Group and have a consequential adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

Risks relating to the failure to attract and retain key personnel

Any limitations on the ERG Group's ability to recruit and retain a skilled and experienced management team and operating staff may affect the ERG Group's capability to implement its business strategy successfully. In particular, the ERG Group relies on certain key employees who have specific experience, education, technical know-how and skills in respect of technology development and electricity generation. In an increasingly competitive environment, there is an increased risk of losing staff to competitors, who may be willing and able to pay higher salaries and/or offer more competitive benefits, and the ERG Group may be unable to train or

recruit and retain personnel with comparable qualifications, experience and expertise, and/or the skills required in order to deliver its business objectives. The failure to attract and retain key personnel with suitable managerial, technical or marketing expertise could affect the ERG Group's ability to successfully execute its business plan and achieve its objectives, and/or it could have a negative impact on the business prospects, revenues, results of operations and financial condition of the ERG Group and have a consequential adverse impact on the market value of the Notes and on the Issuer's ability to fulfil its obligations under the Notes.

The ERG Group is dependent on its relationships with its key suppliers

The ERG Group depends upon services and products provided by suppliers outside of the ERG Group. The loss of a key supplier (whether caused by internal factors such as difficulties of a financial nature leading to cessation of business activities or by external factors such as natural disasters impacting production capability) could result in economic losses and/or cost increases for the ERG Group and it could cause reputational damage for the ERG Group and/or result in interruptions in services at the ERG Group's facilities.

In addition, the ERG Group may face an increase in costs should it be required to switch to new suppliers. The effects of this situation on the ERG Group could be exacerbated if the particular supplier were deemed strategic, or if there was an excessive concentration of orders with a specific supplier. Moreover, the ERG Group does not have direct control over the quality of materials supplied by its suppliers and is exposed to risks relating to the quality and availability of such products.

Any loss of such a supplier and/or inability of such supplier to fulfil its obligations to the ERG Group, due to bankruptcy, financial weakness, or other reasons, could have a consequential negative impact on the reputation, business prospects, revenues, results of operations and financial condition of the ERG Group and on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The ERG Group is subject to reputational risk

Any inconsistency between the ERG Group's announced objectives and actions carried out by the ERG Group, any misalignment between the ERG Group's performance and stakeholder expectations, or any improper use of the branding of the ERG Group, could adversely affect the image or reputation of the ERG Group. In addition, any circulation of negative news in relation to the ERG Group or the renewable energy sector, including in relation to the potential adverse environmental impacts of wind energy, may create a negative perception of the ERG Group.

Any negative impact on the ERG Group's reputation and a consequential loss of the public's trust in the ERG Group, and/or its credibility or reliability being compromised, could have a negative impact on the business prospects, revenues, results of operations and financial condition of the ERG Group and have a consequential adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

Legal and Regulatory Risks

The ERG Group operates in a highly regulated environment. Laws, governmental regulations and policies supporting renewable energy are subject to change, and such change may materially and adversely affect the ERG Group's business, results of operations and growth strategy

The political, legal, and regulatory environment in which the ERG Group operates its business affects many aspects of its activities, including the incentive systems which the ERG Group benefits from. Renewable energy generation assets currently benefit from various national, provincial, and local governmental incentives. In particular, electricity generation from renewable sources depends upon price subsidies and other incentives that are highly contingent on the prevailing political and regulatory environment. The regulations of Italy, the EU and each other country in which the ERG Group operates establish regulatory frameworks aimed at promoting the development of renewable energy, based on formulas which may include premiums, green certificates, tax deductions or regulated tariffs.

Changes in applicable legislation and regulation, whether at a national or European level, and/or the manner in which they are interpreted, could negatively impact the ERG Group's current and future operations, its cost and revenue-earning capabilities and in general the development of its business. Such changes could include, *inter alia*, the broad reform of the electricity market both at the European level and in the different countries in which the ERG Group operates, changes to the incentives regime for renewable energy sources, changes in tax rates, changes in environmental or safety or other workplace laws or changes in regulation of cross-border transactions, changes in the procedure for awarding and/or renewing concessions and contracts granted to, or entered into with, ERG and the ERG Group's operating companies, changes in tariffs charged by such companies for their services, or changes in the determination of any indemnities or compensation payments due to the ERG Groups' companies in case of termination or loss of concessions.

A termination of any of the laws or governmental regulations or policies that support the renewable energy industry, any new, onerous, or substantially altered law, regulation, guideline or standard, or different interpretation thereof, or a limit to the benefits or incentives, including in relation to taxation, that renewable energy industries currently receive, could significantly reduce the economic returns and operating performance at both new and existing facilities of the ERG Group and may have a significant economic impact on the value of the ERG Group's assets, which may have a material adverse effect on the business, revenues, results of operations and financial condition of the ERG Group and have a consequential negative impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

The ERG Group faces significant costs associated with environmental and health and safety laws and regulations and may be exposed to significant environmental liabilities

The ERG Group is subject to a number of environmental and health and safety laws and regulations in the countries in which it operates. Such laws and regulations require the ERG Group to adopt preventive or remedial measures and influence the ERG Group's business decisions and strategy.

The ERG Group is exposed to the risk of being sanctioned as a result of a breach of any regulation relating to health, safety and the environment. There is a possibility that in the course of the ERG Group's business, potential accidents affecting the employees and/or the environment may occur. In the event of contamination and/or pollution in the areas where the facilities are situated, there is an obligation to notify the competent authority, and, in some cases, commence remediation and/or safety interventions on the same areas, bearing the relevant costs. It is possible that such procedures may further result in the imposition of sanctions, (which may include criminal sanctions), and impact the regular operation of the facilities by requiring ERG to adopt extraordinary emergency measures.

Failure to comply with environmental requirements in the territories where the ERG Group operates, or breach of any regulation concerning health and safety in the workplace, may lead to fines, litigation, loss of licences, temporary or permanent curtailment of operations, or damage to the reputation of the ERG Group.

Any significant increase in the costs and expenses necessary to keep the ERG Group's facilities in compliance with environmental laws and regulations, unless promptly remediated, could have a negative impact on the business prospects, revenues, results of operations and financial condition of the ERG Group and a consequential adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

ERG and its subsidiaries are defendants in a number of legal proceedings and may from time to time be subject to further legal proceedings and inspections by the authorities

ERG and certain companies of the ERG Group are defendants in civil, criminal, tax and administrative proceedings connected with the ordinary course of its business activities. For a description of such proceedings, see "Description of the Issuer and the ERG Group – Legal Proceedings", and ERG's 2019 Consolidated Financial Statements incorporated by reference in this Base Prospectus (in the Note 20 - Contingent liabilities and disputes, at pages 295-309).

ERG and the ERG Group may incur significant losses in addition to the amounts provisioned in connection with pending legal claims and proceedings or future claims or investigations which may be brought, including owing to the following factors:

- Uncertainty regarding the final outcome of such proceedings, claims or investigations.
- Occurrence of new developments that management was unable to take into consideration when evaluating the likely outcome of such proceedings, claims or investigations in order to make appropriate provisions as at the date of the latest financial statements.
- Emergence of new evidence and information.
- Underestimation of probable future losses.

ERG and the ERG Group may, from time to time, be subject to further litigation including, without limitation, litigation related to the award and/or maintenance of the concessions operated by the ERG Group's companies, and investigations by tax or other authorities. ERG and the ERG Group are not able to predict the ultimate outcome of any of the claims currently pending against it, or future claims or investigations that may be brought against it, which may be in excess of its existing provisions. In addition to potential financial sanctions, an adverse outcome in administrative proceedings in which the companies of the ERG Group are involved, and/or may in the future be involved, could result in reputational damage, or the revocation of the concessions currently held by them. Adverse outcomes in existing or future proceedings, claims or investigations could have a negative impact on the business prospects, revenues, results of operations and financial condition of the ERG Group, and have a consequential adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

ERG is exposed to a number of different tax uncertainties, which would have an impact on its tax results

ERG determines the taxation it is required to pay based on its interpretation of applicable tax laws and regulations. As a result, it may face unfavourable changes in those tax laws and regulations to which it is subject. Such interpretation may, inter alia, lead to litigation with tax authorities (for further information in this respect, see "*Description of the Issuer and the ERG Group – Legal Proceedings*" below, ERG's 2019 Consolidated Financial Statements (in the Note 14 Other Provisions on page 269-271 and Note 20 - Contingent liabilities and disputes, on pages 295 – 309)). Any changes to tax legislation and/or case law or to its interpretation or application by the tax authorities, including through the application of anti-avoidance or anti-abuse principles, a different tax treatment or a different interpretation or classification from a legal or substantive point of view in relation to any transaction and/or operation, including extraordinary transactions, or a different classification of the components recorded in the financial statements, may cause the ERG Group to incur higher taxes or be subject to applicable penalties and late payment interest, to the reduction of previous tax losses, or to other events that could have a material adverse effect on its business, results of operations and financial condition.

Risks relating to any violations of anti-corruption compliance laws

The ERG Group is subject to anti-corruption laws and it is vulnerable to anti-corruption compliance risk in all countries where it carries out its business.

An employee and/or a company of the ERG Group could be involved in proceedings for offences committed in breach of anti-corruption laws. Although ERG condemns the commission of any type of corruption and has set up a system of rules and controls defined in relation to the national and international regulatory context it operates in, and trains employees in respect of such matters, employees could nevertheless take actions that expose us to potential liability under applicable anti-corruption laws. In particular, in certain circumstances, the ERG Group companies may be held liable for actions taken by its employees, local partners agents and consultants, even though such parties are not always subject to its control.

If the ERG Group is found to be liable for violations of anti-corruption compliance laws or regulations (either due to the ERG Group's acts or the omissions, or due to the acts or omissions of others), the ERG Group could suffer from civil and criminal penalties or other sanctions which, together with any adverse publicity generated by such results, could have a material adverse effect on the ERG Group's business, financial condition and results of operations with a consequential adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

The Issuer is a holding company, which creates structural subordination risks for the holders of the Notes

The operations of the ERG Group are, and may be, carried out by the Issuer primarily through its subsidiaries, as well as entities in which the ERG Group has an interest but which it does not control, such as joint ventures and project companies, and therefore the Issuer depends on the earnings and cash flows of, and the distribution of funds from, these subsidiaries and entities to meet its debt obligations, including its obligations with respect to the Notes.

Generally, creditors of such entities, including trade creditors, secured creditors and creditors holding indebtedness and guarantees issued by the entity, and preferred shareholders, if any, of the entity, will be entitled to the assets of that entity before any of those assets can be distributed to shareholders upon liquidation or winding up. As a result, the Issuer's obligations in respect of the Notes will, to the extent described above, be structurally subordinated to the prior payment of all the debts and other liabilities of the Issuer's direct and indirect subsidiaries and other entities, including the rights of trade creditors and preferred shareholders (if any), as well as contingent liabilities, all of which could be substantial.

Furthermore, any limitations on the Issuer's ability to receive funds from its subsidiaries or such other entities, and any enforcement of the guarantees issued by the Group in favour of its subsidiaries or such other entities could have a negative impact on the business prospects, financial condition and results of operations of the ERG Group and a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to fulfil its obligations under the Notes.

Risks applicable to certain types of Notes

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

In addition, with respect to the options under Condition 6.2 (*Redemption for tax reasons*), Condition 6.3 (*Redemption at the option of the Issuer (Issuer Call)*) and Condition 6.4 (*Clean-Up Call*), the Issuer's right to redeem at par all or, as the case may be, part of the Notes will exist notwithstanding that immediately prior to the serving of a notice in respect of the exercise of the relevant option the Notes may have been trading significantly above par, thus potentially resulting in a loss of capital invested. If the Issuer calls and redeems the Notes in the circumstances mentioned above, the Noteholders may not be able to reinvest the redemption proceeds in securities offering a comparable yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

Furthermore, with respect to the Clean-Up Call, there is no obligation under the Conditions for the Issuer to inform investors if and when 20 per cent. or less of the initial aggregate principal amount of a particular Series of Notes remains outstanding, and the Issuer's right to redeem will exist notwithstanding that immediately prior to the serving of a notice in respect of the exercise of the Clean-Up Call, the Notes may have been trading significantly above par, thus potentially resulting in a loss of capital invested.

The Issuer Call is exercisable in whole or in part and such exercise by the Issuer in respect of certain Notes may affect the liquidity of the Notes in respect of which such option is not exercised

The Issuer Call provided in Condition 6.3 (*Redemption at the option of the Issuer (Issuer Call)*) is exercisable in whole or in part. If the Issuer decides to redeem certain Notes in part only, such partial redemption may affect the liquidity of the Notes of the same Series in respect of which such option is not exercised. Depending on the number of the Notes of the same Series in respect of which the Issuer Call is exercised, any trading market in respect of those Notes in respect of which such option is not exercised may become illiquid.

Redemption for tax reasons

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Taxation

The tax regime in the Republic of Italy and in any other relevant jurisdiction (including, without limitation, the jurisdiction in which each Noteholder is resident for tax purposes) may be relevant to the acquiring, holding and disposing of Notes and the receiving of payments of interest, principal and/or other income under the Notes. Prospective investors in the Notes should consult their own tax advisers as to which countries' tax laws could be relevant and the consequences of such actions under the tax laws of those countries. For further information on the principal Italian tax consequences of the purchase, ownership, redemption and disposal of the Notes, see the section headed "*Taxation*" below.

Investors will not be able to calculate in advance their rate of return on Floating Rate Notes.

A key difference between Floating Rate Notes and Fixed Rate Notes is that interest income on Floating Rate Notes cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of Floating Rate Notes at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the Conditions provide for frequent interest payment dates, investors are exposed to reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing. In addition, the Issuer's ability to issue also Fixed Rate Notes may affect the market value and the secondary market (if any) of the Floating Rate Notes (and vice versa).

If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned.

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

In respect of any Notes issued as "Green Bonds" or "Sustainability Bonds" there can be no assurance that the relevant use of proceeds will be suitable for the investment criteria of an investor.

If so specified in the relevant Final Terms, the Issuer may issue Notes under the Programme described as "green bonds" (**Green Bonds**) and "sustainability bonds" (**Sustainability Bonds**) in accordance with the principles set out by the International Capital Market Association (**ICMA**) (respectively, the Green Bond Principles (**GBP**) and the Sustainability Bond Guidelines (**SBG**)).

In such a case, prospective investors should have regard to the information set out at "Reasons for the Offer" in the applicable Final Terms and must determine for themselves the relevance of such information for the purpose of any investment in the Notes together with any other investigation such investors deem necessary, and must assess the suitability of that investment in light of their own circumstances. In particular, no assurance is given by the Issuer or the Dealers that the use of such proceeds for the funding of any green project or sustainable project, as the case may be, will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates. None of the Dealers will verify or monitor the proposed use of proceeds of Notes issued under the Programme. Furthermore, it should be noted that there is currently no clearly established definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, respectively "green" or a "sustainable" project or as to what precise attributes are required for a particular project to be defined as "green" or "sustainable" or such other equivalent label, nor can any assurance be given that such a clear definition or consensus will develop over time.

Accordingly, no assurance is or can be given to investors that any green or sustainable project, as the case may be, towards which proceeds of the Notes are to be applied will meet the investor expectations regarding such "green" or "sustainable" performance objectives or that any adverse green or sustainable and/or other impacts will not occur during the implementation of any green or sustainable project.

Furthermore, it should be noted that, in connection with the issue of Green Bonds and Sustainability Bonds, the Issuer may request a sustainability rating agency or sustainability consulting firm to issue a second-party opinion confirming that the relevant green and/or sustainable project, as the case may be have been defined in accordance with the broad categorisation of eligibility for green and sustainable projects set out in the GBP

and the SBG and/or a second-party opinion regarding the suitability of the Notes as an investment in connection with certain environmental, sustainability or social projects (any such second-party opinion, a **Second-party Opinion**). A Second-party Opinion may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes or the projects financed or refinanced toward an amount corresponding the net proceeds of the relevant issue of Green Bonds or Sustainability Bonds. A Second-party Opinion would not constitute a recommendation to buy, sell or hold the relevant Green Bonds or Sustainability Bonds and would only be current as of the date it is released. Prospective investors must determine for themselves the relevance of any Second-party Opinion and/or the information contained therein and/or the provider of such Second-party Opinion for the purpose of any investment in such Notes. Currently, the providers of such Second-party Opinions are not subject to any specific regulatory or other regime or oversight. A withdrawal of the Second-party Opinion may affect the value of such Green Bonds or Sustainability Bonds and/or may have consequences for certain investors with portfolio mandates to invest in green or sustainable assets.

While it is the intention of the Issuer to apply the proceeds of Green Bonds or Sustainability Bonds in, or substantially in, the manner described in the applicable Final Terms, there can be no assurance that the green or sustainable projects, as the case may be, will be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and that accordingly the proceeds of the relevant Green Bonds or Sustainability Bonds will be totally or partially disbursed for such projects. Nor can there be any assurance that such green or sustainable projects will be completed within any specified period or at all or with the results or outcome as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not constitute an Event of Default under the relevant Green Bonds or Sustainability Bonds.

Any such event or failure to apply the proceeds of the issue of the Notes for any green or sustainable projects as aforesaid may have a material adverse effect on the value of the Notes and/or result in adverse consequences for, amongst others, investors with portfolio mandates to invest in securities to be used for a particular purpose.

Any failure by the Issuer to comply with its reporting obligations in relation to Green Bonds or Sustainability Bonds, as applicable, will not constitute an Event of Default under the relevant Notes.

In addition, it should be noted that the European Commission has issued a legislative proposal relating to sustainable finance that would, if adopted in its current form, lead to the creation of the conditions and the framework to gradually create a unified classification system (taxonomy) for sustainable finance among other measures, and the European Parliament has adopted a resolution calling for further legislative or regulatory action relating to sustainable finance, but the form that any final legislation or regulations might take cannot be predicted. There can be no assurance by the Issuer or the Dealers that the use of proceeds of any Green Notes will satisfy, whether in whole or in part, any future legislative or regulatory requirements, or any present or future investor expectations or requirements with respect to investment criteria or guidelines with which any investor or its investments are required to comply under its own by-laws or other governing rules or investment portfolio mandates.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks", (including the London interbank offered rate (**LIBOR**) and the euro interbank offered rate (**EURIBOR**)) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark, such as Floating Rate Notes.

Regulation 2016/1011 (the **Benchmarks Regulation**) applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU (which for these purposes, includes the United Kingdom). Among other things, it (i) requires benchmark

administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. The FCA has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

Separately, the euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system.

It is not possible to predict with certainty whether, and to what extent, LIBOR and EURIBOR will continue to be supported going forwards. This may cause LIBOR and EURIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

The “*Terms and Conditions of the Notes*” provide for certain fallback arrangements in the event that a published benchmark (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, including the possibility that the rate of interest could be set by reference to a Successor Rate or an Alternative Rate determined by an Independent Adviser in consultation with the Issuer and that such Successor Rate or Alternative Rate may be adjusted (if required) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark. In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. In addition, due to the uncertainty concerning the availability of Successor Rates and Alternative Rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have an adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation or any of the international or national reforms and the possible application of the benchmark replacement provisions of Notes in making any investment decision with respect to any Notes referencing a benchmark.

Risks related to Notes generally

Set out below is a description of material risks relating to the Notes generally:

The Notes do not restrict the amount of debt which the Issuer may incur

The Conditions do not contain any restriction on the amount of indebtedness which the Issuer and its Subsidiaries (as defined in the Conditions) may from time to time incur. In the event of any insolvency or winding-up of the Issuer, the Notes will rank equally with the Issuer's other unsecured senior indebtedness and, accordingly, any increase in the amount of the Issuer's unsecured senior indebtedness in the future may reduce the amount recoverable by Noteholders. In addition, the Notes are unsecured and, save as provided in Condition 3 (*Negative Pledge*), do not contain any restriction on the giving of security by the Issuer and its Material Subsidiaries (as defined in the Conditions) over present and future indebtedness. Where security has been granted over assets of the Issuer to secure indebtedness, in the event of any insolvency or winding-up of the Issuer, such indebtedness will rank in priority over the Notes and other unsecured indebtedness of the Issuer in respect of such assets. In relation to the assets and indebtedness of the Issuer's subsidiaries, see also "*The Issuer is a holding company, which creates structural subordination risks for the holders of the Notes*" above.

The conditions of the Notes contain provisions which may permit their modification without the consent of all investors.

The terms and conditions applicable to each Series will be as agreed between the Issuer and the relevant Dealer at or prior to the time of issuance of such Series and will be completed by the relevant Final Terms. The terms and conditions applicable to each Series will therefore be those set out under "*Terms and Conditions of the Notes*" below, subject to being completed by the relevant Final Terms in relation to each Series.

The Conditions and the Agency Agreement contain provisions, which are binding on the Issuer and the holders of Notes, for convening meetings of the holders of Notes of any Series to consider matters affecting their interests generally, including the modification or waiver of the Conditions applicable to any Series of Notes. These provisions permit defined majorities to make decisions that may affect Noteholders' rights and obligations under the Notes and bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. Any such amendment to the Notes may include, without limitation, lowering the ranking of the Notes, reducing the amount of principal and interest payable on the Notes, changing the time and manner of payment, changing provisions relating to redemption, limiting remedies on the Notes, and changing the amendment provisions. These and other changes may adversely impact Noteholders' rights and may adversely impact the market value of the Notes. Furthermore, the Issuer has the right to correct manifest errors in the Conditions without the Noteholders' consent.

Changes in the Programme Size

The maximum amount to be issued under the Programme is subject to increase or decrease as provided in the Programme Agreement.

The value of the Notes could be adversely affected by a change in English law or administrative practice.

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or

administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued.

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes.

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single Series with a Tranche of Notes which is already issued). Although application has been made for the Notes issued under the Programme to be admitted to the Official List of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Furthermore, if the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer.

Notes may have no established trading market when issued and one may never develop. If a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Delisting of the Notes

Application has been made for Notes issued under the Programme to be listed on the Official List and admitted to trading on the regulated market of the Luxembourg Stock Exchange and Notes issued under the Programme may also be admitted to trading, listing and/or quotation by any other listing authority, stock exchange or quotation system (each, a "listing"), as specified in the relevant Final Terms. Such Notes may subsequently be delisted despite the best efforts of the Issuer to maintain such listing and, although no assurance is made as to

the liquidity of the Notes as a result of listing, any delisting of the Notes may have a material effect on a Noteholder's ability to resell the Notes on the secondary market.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes.

One or more independent credit rating agencies may assign credit ratings to the Issuer, or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European (including United Kingdom) regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU or in the United Kingdom and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU and non-UK credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered or UK-registered credit rating agency or the relevant non-EU and non-UK rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). If the status of the rating agency rating the Notes changes, European (including United Kingdom) regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European (including United Kingdom) regulated investors selling the Notes which may impact the value of the Notes and any secondary market. The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depositary, or as the case may be, a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. While the Notes are represented by one or more Global Notes the Issuer will discharge its payment obligations under the Notes by making payments to the common depositary or, as the case may be, a common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders.

A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the Issuer in the event of a default under the relevant Notes but will have to rely upon their rights under the Deed of Covenant.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Unless otherwise indicated, the financial information in this Base Prospectus relating to the Issuer has been derived from (i) the audited consolidated financial statements of the Issuer for the financial years ended respectively 31 December 2019 and 31 December 2018 (respectively the **2019 Consolidated Financial Statements** and the **2018 Consolidated Financial Statements** and together the **Audited Financial Statements**), (ii) the unaudited interim financial data at 31 March 2020 of the ERG Group (the **Unaudited Interim Financial Data at 31 March 2020**) included in the Interim Management Report of the Issuer at 31 March 2020. The Audited Financial Statements and the Unaudited Interim Financial Data at 31 March 2020 shall hereafter be defined as the **Financial Reports**.

The Issuer's financial year ends on 31 December, and references in this Base Prospectus to any specific year are to the 12-month period ended on 31 December of such year.

The Financial Statements have been prepared, without any waiver or exception, in accordance with the Standards issued by the International Accounting Standards Board (**IASB**) and endorsed by the European Union, inclusive of all international standards that have undergone interpretation (**International Financial Reporting Standards - IFRS**) and the interpretations issued by the International Financial Reporting Interpretation Committee (**IFRIC**) and by the previous Standing Interpretations Committee (**SIC**). The set of all reference standards and interpretations indicated above shall hereafter be defined as "**EU – IFRS**";

All historical financial information presented in this Base Prospectus is that of ERG and its consolidated subsidiaries. Accordingly, unless otherwise stated, all references to the "Group" in respect of historical financial information in this Base Prospectus are to ERG and its subsidiaries on a consolidated basis.

This Base Prospectus includes the financial information of the ERG Group and in particular:

- the Audited Financial Statements;
- Unaudited Interim Financial Data at 31 March 2020.

Alternative Performance Measures (APMs)

Certain unaudited financial information of this Base Prospectus relates either to:

- certain financial indicators that are not recognized by the Standards issued by the IASB and endorsed by the European Union, inclusive of all IFRS and the interpretations issued by the IFRIC and by the SIC or any other generally accepted accounting principles and that may not be permitted to appear on the face of the Financial Statements or footnotes thereto adjusted to give effect; or
- certain unaudited financial information which is "adjusted" by excluding "special items" in order to facilitate the understanding of the businesses' operating performance and the net financial indebtedness.

The above are all defined as **Alternative Performance Measures** or **APMs**.

On 3 December 2015 CONSOB issued Communication no. 92543/15, which transposes the Guidelines regarding the use and presentation of Alternative Performance Measures in the context of regulated financial information, issued on 5 October 2015 by the European Securities and Markets Authority (ESMA). The Guidelines, which updated the CESR Recommendation on Alternative Performance Measures (CESR/05 - 178b), aim to promote the usefulness and transparency of alternative performance measures so as to improve their comparability, reliability and comprehensibility.

Some of the APMs used in this document are different from the financial indicators expressly provided for by the IAS/IFRS adopted by the Group.

These alternative indicators are used by the Group in order to facilitate the communication of information on its business performance as well as its net financial indebtedness.

Finally, in order to enhance understanding of the business segments' performance, the operating results are shown with the exclusion of significant special income components of an extraordinary nature (special items); these results are indicated with the term "Adjusted results".

Since the composition of these indicators is not regulated by the applicable accounting reporting standards, the method used by the Group to determine these indicators may not be consistent with the method used by other operators and so these might not be fully comparable.

Definitions of the APMs used by the Group in this Base Prospectus and a reconciliation with the items of the financial statements templates adopted are as follows:

- **Adjusted revenues** are revenues, as indicated in the Financial Reports, with the exclusion of significant special income components of an extraordinary nature (special items).
- **EBITDA** is an indicator of operating performance calculated by adding "Amortisation, depreciation and impairment losses" to the net operating profit. EBITDA is explicitly indicated as a subtotal in the financial statements;
- **EBIT** means, in relation to any relevant period, the consolidated net profit (loss) of the Group before profit from discontinued operations, income taxes, Gains/(losses) on equity investments, net financial expenses. EBIT is a subtotal in the income statement (labelled as "EBIT" and/or as "Operating profit (EBIT)");
- **Adjusted EBITDA** is the gross operating margin, as defined above, with the exclusion of significant special income components of an extraordinary nature (special items) and with the adjustment of the impact tied to the IFRS 16 application;
- **Adjusted EBIT** is the net operating profit, explicitly indicated, as a subtotal in the Financial Reports, with the exclusion of significant special income components of an extraordinary nature (special items) and with the adjustment of the impact tied to the IFRS 16 application;
- **EBITDA margin %** is an indicator of the operating performance calculated by comparing the adjusted EBITDA to the Revenue from sales and services of each individual business segment;
- **EBITDA per business and Country** is the Adjusted EBITDA split as per the IFRS 8 operating segments as illustrated in the notes to the 2019 Consolidated Financial Statements and 2018 Consolidated Financial Statements.
- **EBITDA breakdown incentivised vs merchant** is the percentage of the EBITDA in proportion of the MWh produced and incentivised vs the ones produced but not incentivised (company by company);
- **Adjusted "Profit Attributable to the owners of the parent"** is the profit attributable to the owners of the parent, with the exclusion of significant special income components of an extraordinary nature (special items), and with the adjustment of the impact tied to the IFRS 16 application net of the related tax effects;
- **Adjusted net invested capital** is determined by the algebraic sum of Non-current Assets, Net Operating Working Capital, Liabilities related to Post-employment Benefits, Other Assets and Other Liabilities, adjusted by some special items and with the exclusion of impact relative to the application of IFRS 16 mainly linked to the increase in right of use assets;

- **Net Operating working capital** is determined by the algebraic sum of inventories, trade receivables and trade payables;
- **Other assets** are determined by the algebraic sum of deferred tax assets, other non-current assets, other current assets and receivables, current tax assets, with the exclusion of impact relative to the application of IFRS 16;
- **Other liabilities** are determined by the algebraic sum of deferred tax liabilities, other current and non-current provisions, other current and non-current liabilities and current tax liabilities;
- **Net financial indebtedness** is an indicator of the financial structure and is determined in accordance with CONSOB communication 15519/2006, also including the portion of non-current assets relative to derivative financial instruments. Until 31 December 2018 the indicator also included the non-current financial loan to api S.p.A. (EUR 36 million) as deferred component of the TotalErg sale price;
- **Adjusted net financial indebtedness** is the net financial indebtedness, as defined above, net of the liability linked to the discounting of future lease payments, following the application of IFRS 16;
- **Financial leverage** is calculated by comparing the adjusted net financial indebtedness (including Project Financing) to the adjusted net invested capital;
- **Investments** are obtained from the sum of investments in property, plant and equipment and intangible assets and the increases of each statement of financial position line item due to the business combinations made in each period excluding the financial statements lines that have an impact on net financial indebtedness; excluding the impact of IFRS 16 related to business combinations;
- **Investments in M&A** are obtained from the sum of investments in property, plant and equipment and intangible assets. Starting from the Interim Report at 31 March 2018, they also include the carrying amount of the acquisitions of net assets within the scope of M&A transactions;
- **Capex** represents the aggregate of the increases for investments in intangible assets, property plant and equipment.
- **Special items** include significant income components of an extraordinary nature. These include:
 - (i) income and expenses connected to events whose occurrence is non-recurring, i.e. those transactions or events that do not frequently re-occur over the normal course of business;
 - (ii) income and expenses related to events that are not typical of normal business activities, such as restructuring and environmental costs;
 - (iii) capital gains and losses linked to the disposal of assets;
 - (iv) significant impairment losses recognised on assets following impairment tests;
 - (v) income and the associated reversals recognised in application of IFRS 9, in relation to the restructuring of loans in place;
 - (vi) In the first quarter of 2020, the only post related to the COVID-19 emergency relates to the EUR 2 million donation made by the Group. This post was isolated as a special item.

Alternative Performance Measures reconciliation and notes

REVENUES

(Euro million)	Note	2019	2018	3Months 2020	3Months 2019
Revenues (a)		1.022	1.024	277	296
<i>Adjustments for:</i>					
Contribution of discontinued operation (Brockahgboy)	1)	-	3	-	-
Total (b)		-	3	-	-
Adjusted revenues (a+b)		1.022	1.027	277	296

EBITDA

(Euro million)	Note	2019	2018	3Months 2020	3Months 2019
EBITDA (a)		496	480	156	163
<i>Adjustments for:</i>					
Contribution of discontinued operation (Brockahgboy)	1)	-	(3)	-	-
<i>Special items:</i>					
- Reversal of ancillary charges on non-recurring operations	2)	(9)	(3)	(0)	(2)
- Adjustment for impact of IFRS 16	3)	9	-	3	2
- Reversal of Covid-19 donation	8)	-	-	(2)	-
- Reversal of HR and corporate reorganisation costs	4)	(7)	-	-	-
- Reversal for release of provision for disposed businesses	5)	8	-	-	-
- Reversal of allocations to tax-related provisions	5)	(8)	-	-	-
- Reversal of charges ERG80		-	(5)	-	-
Total (b)		(8)	(11)	0	(0)
EBITDA adjusted (a-b)		504	491	156	164

EBIT

(Euro million)	Note	2019	2018	3Months 2020	3Months 2019
EBIT (a)		190	206	80	90
<i>Adjustments for:</i>					
Contribution of discontinued operation (Brockahgboy)	1)	-	(3)	-	-
<i>Special items:</i>					
- Reversal of ancillary charges on non-recurring operations	2)	(9)	(3)	(0)	(2)
- Adjustment for impact of IFRS 16	3)	2	-	1	0
- Reversal of Covid-19 donation	8)	-	-	(2)	-
- Reversal of HR and corporate reorganisation costs	4)	(7)	-	-	-
- Reversal for release of provision for disposed businesses	5)	8	-	-	-
- Reversal of allocations to tax-related provisions	5)	(8)	-	-	-
- Reversal of charges ERG80		-	(5)	-	-
Total (b)		(15)	(10)	(2)	(2)
EBIT adjusted (a-b)		205	216	82	92

PROFIT ATTRIBUTABLE TO THE OWNERS OF THE PARENT

(Euro million)	Note	2019	2018	3Months 2020	3Months 2019
Profit attributable to the owners of the parent (a)		32	133	52	49
<i>Adjustments for:</i>					
Exclusion of IFRS 16 impact	3)	(1)	-	(0)	(0)
Exclusion of the impact of the Covid-19 donation	8)	-	-	(2)	-
Exclusion of impact of HR and corporate reorganisation costs	4)	(5)	-	-	-
Exclusion of ancillary charges on Corporate / Germany loan prepayments	6)	(2)	-	-	(2)
Exclusion of ancillary charges on ERG Wind loan prepayments	6)	(49)	-	-	-
Exclusion of ancillary charges on ERG Power loan prepayments	6)	(2)	-	-	-
Exclusion of ancillary charges on non-recurring operations	2)	(9)	(2)	(0)	(2)
Exclusion of liabilities/charges ERG 80		-	(4)	-	-
Exclusion of capital gain from sale of UK equity investment	9)	-	26	-	-
Exclusion of expenses related to disposed Businesses	5)	5	-	0	-
Exclusion of expenses related to allocations to tax-related provisions	5)	(6)	-	-	-
Exclusion of the net gain on refinancing (IFRS 9)	7)	(3)	6	1	(1)
Total (b)		(72)	26	(1)	(5)
Profit attributable to the owners of the parent adjusted (a-b)		104	107	53	54

INVESTMENTS

(Euro million)		2019	2018
<i>Intangible assets:</i>			
Investments (i)		4	8
<i>Property, plant and equipment:</i>			
Capital expenditure (ii)		64	53
Capex (i+ii)		68	60
<i>Change in consolidation scope (business combinations):</i>			
Non-current assets	(+)	441	485
Inventories	(+)	-	0
Trade receivables	(+)	8	18
Other current assets	(+)	2	17
Non controlling interests	(-)	11	(1)
Deferred tax liabilities	(-)	62	42
Other non current provisions	(-)	4	9
Other non current liabilities	(-)	0	5
Other current provisions	(-)	0	0
Trade payables	(-)	1	12
Other current liabilities	(-)	1	2
Investments in M&A (iii)		371	449
<i>Adjustments for:</i>			
Exclusion of investments in right of use assets (impact of IFRS) 16 (iv)	(-)	(7)	-
Investments (i+ii+iii+iv)		432	510

NET FINANCIAL POSITION

(Euro million)	31 March 2020	31 December 2019	31 December 2018
Non-current loans/borrowings	674	676	796
- <i>current portion of loans and borrowings</i>	(8)	(8)	(164)
Non-current bonds	607	604	101
- <i>current portion of Bonds</i>	(10)	(7)	(1)
Fair value of hedging derivatives on interest rates	51	42	88
Non-current financial liabilities for the purchase of equity investments	18	18	17
Non-current project financing	831	812	1,178
- <i>current portion of Project Financing</i>	(118)	(104)	(146)
Lease liabilities	77	78	-
- <i>current portion of lease liabilities</i>	(7)	(7)	-
Net non-current financial position	2.116	2.103	1.868
Current loans/borrowings	8	8	164
Current Project financing	118	104	146
Current Bonds	10	7	1
Current bank loans and borrowings	0	0	20
Other current financial liabilities	3	2	4
Loan assets with investees	(8)	(8)	(8)
Other current loan assets	(16)	(14)	(41)
Bank deposits	(571)	(536)	(611)
Cash in hand and cash equivalents	(0)	0	(0)
Bank deposits related to Project Financing	(173)	(118)	(163)
Current lease liabilities	7	7	-
Net current financial position	(623)	(547)	(489)
Net financial indebtedness (as per the illustrative notes of the consolidated financial statements) ¹	1.493	1.556	1.379
Receivable from api	-	-	(36)
Exclusion of Lease liability (impact of IFRS 16)	(77)	(78)	-
Exclusion of Positive fair value ERG S.p.A. derivative financial instruments	-	(2)	-
Adjusted net financial indebtedness (as per Director's report accompanying the consolidated financial statements) ²	1.415	1.476	1.343

¹ Determined in accordance with CONSOB communication 15519/2006.

² Determined in accordance with CONSOB communication 15519/2006.

ADJUSTED NET INVESTED CAPITAL

(Euro million)	2019	2018
Non-current assets (a)	3.588	3.481
<i>Exclusion of:</i>		
Deferred tax asset	42	128
Other non-current assets	43	43
Positive fair value ERG S.p.A. derivative financial instruments	2	-
<i>Adjustments for:</i>	-	-
Receivable from api	-	36
Exclusion of right of use assets (Impact of IFRS 16)	78	-
Sub-total (b)	165	207
Total (c)=(a-b)	3.422	3.274
<i>Inclusion of:</i>		
Inventories	22	22
Trade receivables	193	251
Trade payables	(88)	(92)
Net Operating working capital (d)	128	180
Provisions for employee benefits (e)	(5)	(6)
<i>Inclusion of:</i>		
Deferred tax asset	42	128
Other non-current assets	43	43
Other current receivables and assets	96	98
Current tax assets	28	22
Sub-total (f)	209	292
<i>Adjustments for:</i>		
Reclassification of part of right of use assets (Impact of IFRS 16)	(2)	-
Sub-total (g)	(2)	-
Other assets (h)=(f-g)	211	292
<i>Inclusion of:</i>		
Deferred tax liabilities	(209)	(289)
Other non-current provisions	(139)	(144)
Other current provisions	(50)	(46)
Other non-current liabilities	(35)	(34)
Other current liabilities	(53)	(33)
Current tax liabilities	(5)	(22)
Other liabilities (i)	(492)	(568)
Adjusted net invested capital (c) + (d) + (e) + (h) + (i)	3.264	3.172

APMs Notes

1. The accounting results of Brockaghboy Windfarm Ltd (Brockaghboy), the subsidiary sold on 7 March 2018, are subject to the requirements of IFRS 5, thus the entire income statement of Brockaghboy is classified in a single line item of the consolidated income statement. The Group have reclassified to each income statement line item of Brockaghboy to the respective consolidated income statement line line.
2. Ancillary charges pertaining transactions mainly related to the business combination that took place in 2019 in relation to two photovoltaic plants in Italy and operational wind farms in France and Germany and in 2020 in relation to operational wind farms in France.
3. Exclusion of the effects tied to the IFRS 16 application.
4. Expenses related to corporate reorganisation of the Group, in particular to the simplification and rationalisation of the organisational-corporate structure of the Group in Italy and abroad.
5. Allocation that took place in the period, related to the reappraisal of the tax-related risks on the wind business and partial release on the Provision for Businesses disposed of by the Group.
6. Financial expenses correlated to the early closure of a Corporate loan and project financing as part of Liability Management activities concurrently with the launch of the first Green Bond. Of particular note are the expenses recognised as a consequence of the closure of the ERG Wind Investment project financing and tied to the reversal (EUR 43 million) of the positive adjustment, recognised upon first consolidation, of the fair value of the debt and to the prepayment of the related IRS instrument (EUR 23 million, net of the reversal of the first consolidation reserve)
7. The Group renegotiated a number of loans during the year. IFRS 9 does not allow for the deferment of the positive economic effects of the renegotiation of loans on the residual life of the liability. For the purposes of clearer disclosure of the cost of net financial indebtedness, it was considered appropriate to show in the adjusted income statement financial expense related to the debt service payment, deferring the recognition of benefits of the renegotiation over the remaining term of the liability and not recognising them all in one immediate entry at the time of the amendment. The adjustment relates primarily to the reversal of the aforementioned benefit net of the effects linked to the reversal of similar income relating to re-financing operations of previous years.
8. Donation for Covid-19.
9. The aforementioned sale of Brockaghboy resulted in the recognition of a capital gain of EUR 26 million, net of the related tax effects and other ancillary components, which for the purposes of this Base Prospectus is considered a special item.

Certain Defined Terms and Conventions

Capitalised terms which are used but not defined in any particular section of this Base Prospectus will have the meaning attributed to them in “*Terms and Conditions of the Notes*” or any other section of this Base Prospectus. In addition, the following terms as used in this Base Prospectus have the meanings defined below:

In this Base Prospectus, all references to:

- *U.S. dollars, U.S.\$* and *\$* refer to United States dollars;
- *Sterling* and *£* refer to pounds sterling; and

- *euro* and € refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

References to a **billion** are to a thousand million.

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published shall be incorporated in, and form part of, this Base Prospectus:

- (a) the 2018 Consolidated Financial Statements of the Issuer including the information set out at the following pages in particular:

Statement of Financial Position	Page 219
Income Statement	Page 220
Statement of Comprehensive Income	Page 221
Statement of Cash Flows	Page 222
Statement of Changes in Equity	Page 223
Notes to the Consolidated Financial Statements	Pages 224-389
Independent Auditors' Report	Pages 390-396

The 2018 Consolidated Financial Statements of the Issuer can be accessed at the following website:

https://www.erg.eu/documents/10181/387289/ERG+Bilancio+2018_ENG/1fb89723-66dc-4d98-9aa2-c3d9f1d234cc

- (b) the 2019 Consolidated Financial Statements of the Issuer including the information set out at the following pages in particular:

Statement of Financial Position	Page 225
Income Statement	Page 226
Statement of Comprehensive Income	Page 227
Statement of Cash Flows	Page 228
Statement of Changes in Equity	Page 229
Notes to the Consolidated Financial Statements	Pages 230-381
Independent Auditors' Report	Pages 383 -389

The 2019 Consolidated Financial Statements of the Issuer can be accessed at the following website:

https://www.erg.eu/documents/10181/415268/ERG_2019+Annual+Report/955397ce-9269-48e7-9f55-47d1906c62d0

- (c) The Interim Management Report of the Issuer at 31 March 2020 relating to the Unaudited Interim Financial Data at 31 March 2020 including the information set out at the following pages in particular:

Introduction	Page 2-3
Significant events during the period	Page 15
Comments on the Quarter's performance	Page 21-22
Investments	Page 22
Profit for the period - Business	Page 23-38
Performance highlights	Pages 19
Performance by sector	Pages 20
Adjusted Income Statement	Page 42
Financial statements and Alternative Performance Measures	Page 42-60
Significant events after the end of the period	Page 61

The Interim Management Report of the Issuer at 31 March 2020 can be accessed at the following website:

https://www.erg.eu/documents/10181/419551/ERG_Resoconto+Intermedio+sulla+Gestione+al+31+marzo+2020/5df022d7-bd58-4e7f-a4c7-ccc948403f22

Any other information contained in any of the documents specified above that is not included in the cross-reference list above is either not relevant to investors rather than information required by the relevant Annexes of the Delegated Regulation, or is covered elsewhere in this Base Prospectus. Unless specifically incorporated by reference into this Base Prospectus, information contained on any website to which this Base Prospectus refers does not form part of this Base Prospectus.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of the documents specified above as containing information incorporated by reference in this Base Prospectus can be obtained from the website of the Issuer as specified above, from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in 60 avenue J.F. Kennedy L-1855 Luxembourg and will be available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu).

FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will initially be issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note** and, together with a Temporary Global Note, each a **Global Note**) which, in either case, will:

- (a) if the Global Notes are intended to be issued in new global note (NGN) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**); and
- (b) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Global Note of the same Series or (ii) for definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 9 (*Events of Default*)) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14

days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Notes (other than Temporary Global Notes) and interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Notes or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

General

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 9 (*Events of Default*). In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8.00 p.m. (London time) on such day holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 19 December 2018 and executed by the Issuer.

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme which have a denomination of at least €100,000 (or its equivalent in any other currency) or more.

[PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS] – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA) or in the United Kingdom (the UK). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]

MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)] [MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer[s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[s/s'] target market assessment) and determining appropriate distribution channels.

[Date]

ERG S.p.A

Legal entity identifier (LEI): 8156004604684CA44A90

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €2,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 1 July 2020 [and the supplement[s] to it dated [date] [and [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the **Base Prospectus**). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information. The Base Prospectus has been published on the Luxembourg Stock Exchange (www.bourse.lu) website.

[Include whichever of the following apply or specify as “Not Applicable”. Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote directions for completing the Final Terms.]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

1.
 - (a) Series Number: []
 - (b) Tranche Number: []
 - (c) Date on which the Notes will be consolidated and form a single Series: [The Notes will be consolidated and form a single Series with *[Provide issue amount/ISIN/maturity date/issue date of earlier Tranches]* on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [] below, which is expected to occur on or about *[date]*][Not Applicable]
2. Specified Currency or Currencies: []
3. Aggregate Nominal Amount:
 - (a) Series: []
 - (b) Tranche: []
4. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
5.
 - (a) Specified Denominations: []

(N.B. Notes must have a minimum denomination of €100,000 (or equivalent))

(Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:

“[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].”))
 - (b) Calculation Amount (in relation to calculation of interest in global form see Conditions): []

(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
6.
 - (a) Issue Date: []
 - (b) Interest Commencement Date: *[specify/Issue Date/Not Applicable]*

(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)

7. Maturity Date: *[Specify date or for Floating Rate Notes – Interest Payment Date falling in or nearest to [specify month and year]]*
8. Interest Basis: *[[] per cent. Fixed Rate]
[[[] month [LIBOR/EURIBOR]] +/- [] per cent. Floating Rate]
[Zero coupon]
(see paragraph [13]/[14]/[15]below)*
9. Redemption[/Payment] Basis: *Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100]/[] per cent. of their nominal amount²*
10. Change of Interest Basis: *[For the period from (and including) the Interest Commencement Date, up to (but excluding) [date] paragraph [13/14] applies and for the period from (and including) [date], up to (and including) the Maturity Date, paragraph [13/14] applies”][Not Applicable]*
11. Put/Call Options: *[Issuer Call]
[Clean-up Call]
[Change of Control Put]
[(see paragraph [17]/[18]/[19] below)]
[Not Applicable]*
12. [Date [Board] approval for issuance of []]
Notes obtained: *(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions *[Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)*
 - (a) Rate(s) of Interest: *[] per cent. per annum payable in arrear on each Interest Payment Date[, subject to a Fixed Rate Adjustment]*
 - (b) Fixed Rate Adjustment: *[Applicable - the Notes are [Step-up/Step-down] Notes/Not Applicable]*

The Initial Rate of Interest is [] per cent. per annum payable in arrear on each Interest Payment Date.

² Notes will always be redeemed at least at 100 per cent. of their nominal value.

- The Step-up Margin is [] per cent. per annum]
- (c) Interest Payment Date(s): [] in each year up to and including the Maturity Date
(Amend appropriately in the case of irregular coupons)
- (d) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [Unless a [Step-up/Step-down] Rating Change has occurred]
[] per Calculation Amount
- (e) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [Unless a [Step-up/Step-down] Rating Change has occurred]
[[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []][Not Applicable]
- (f) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (g) Determination Date(s): [[] in each year][Not Applicable]
(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)
14. Floating Rate Note Provisions [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Specified Period(s)/Specified Interest Payment Dates: [] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention][Not Applicable]
- (c) Additional Business Centre(s): []
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [] (the **Calculation Agent**)
- (f) Screen Rate Determination:

- Reference Rate: [] month [LIBOR/EURIBOR]
 - Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 - Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (g) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)
- (N.B. The fall-back provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time)*
- (h) Linear Interpolation: [Not Applicable/Applicable - the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (specify for each short or long interest period)]
- (i) Margin(s): [+/-] [] per cent. per annum
- [The Notes are Step-up/Step-down Notes.
- The Step-up Margin is [] per cent.]
- (j) Minimum Rate of Interest: [] per cent. per annum
- (k) Maximum Rate of Interest: [] per cent. per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360][360/360][Bond Basis]

[30E/360][Eurobond Basis]
30E/360 (ISDA)]

15. Zero Coupon Note Provisions

[Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Accrual Yield: [] per cent. per annum

(b) Reference Price: []

(c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]
[Actual/360]
[Actual/365]

PROVISIONS RELATING TO REDEMPTION

16. Notice periods for Condition 6.2
(Redemption for tax reasons):

Minimum period: [30]/[] days
Maximum period: [60]/[] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)

17. Issuer Call:

[Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)

(a) Optional Redemption Date(s): []

(b) Optional Redemption Amount: [[] per Calculation Amount][Make-whole Amount]

[Set out appropriate variable details in this pro forma, for example reference obligation]

(If Make-Whole Amount is selected, include the following items of this subparagraph)

- Reference Bond: *[Insert applicable Reference Bond/FA Selected Bond]*
- Financial Adviser *[insert name/As set out in Condition 6.3 (Redemption at the option of the Issuer (Issuer Call))]*
- Quotation Time: *[11.00 a.m. [London/specify other] time]*
- Redemption Margin: *[] per cent/Not Applicable]*
- (c) If redeemed in part:

- (i) Minimum Redemption Amount: []
- (ii) Maximum Redemption Amount: []
- (d) Notice periods: Minimum period: [15]/[] days
Maximum period: [30]/[] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)
18. Clean-up Call [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph 18)
- (a) Notice Periods: Minimum period: [] days

Maximum period: [] days

(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)
19. Change of Control Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph 19)
- (a) Optional Redemption Amount: [] per Calculation Amount
- (b) Notice periods: Minimum period: [] days
Maximum period: [] days
(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)
20. Final Redemption Amount: [] per Calculation Amount

21. Early Redemption Amount payable on redemption for taxation reasons or on event of default: [] per Calculation Amount
(N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes:

(a) Form:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]

Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005

(N.B. The option for an issue of Notes to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 5 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." .)

(b) New Global Note:

[Yes][No]

23. Additional Financial Centre(s):

[Not Applicable/give details]

(Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraphs 14(c) relates)

24. Talons for future Coupons to be attached to Definitive Notes:

[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

[THIRD PARTY INFORMATION

[[Relevant third party information] has been extracted from [specify source]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from

information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of **ERG S.p.A.:**

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange with effect from [].]

[Application will be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange with effect from [].]

(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)

- (ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

Ratings:

[The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

[insert details]] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms].

Each of *[defined terms]* is established in the European Union/United Kingdom and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**)

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for the fees [of *[insert relevant fee disclosure]*] payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.

The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and [its/their] affiliates in the ordinary course of business - *Amend as appropriate if there are other interests*

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)]

4. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

i) Reasons for the offer: [See "Use of Proceeds" in the Base Prospectus/*give details*] *(If the Notes are Green Bonds or Sustainability Bonds describe the relevant projects to which the net proceeds of the Tranche of Notes will be applied.)*

ii) Estimated net proceeds: []

5. YIELD *(Fixed Rate Notes only)*

Indication of yield: []

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. OPERATIONAL INFORMATION

(a) ISIN: []

(b) Common Code: []

(c) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]

(d) Delivery: Delivery [against/free of] payment

(e) Names and addresses of additional Paying Agent(s) (if any): []

- [(f) Intended to be held in a manner which would allow Eurosystem eligibility:
- [Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/
- [No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

7. DISTRIBUTION

- (a) Method of distribution: [Syndicated/Non-syndicated]
- (b) If syndicated, names of Managers: [Not Applicable/*give names*]
- (c) Stabilisation Manager(s) (if any): [Not Applicable/*give name*]
- (d) If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
- (e) U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA not applicable]
- (f) Prohibition of Sales to EEA and UK Retail Investors: [Applicable/Not Applicable]
- (If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)*
- (g) Prohibition of Sales to Belgian Consumers: [Applicable/Not Applicable]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to “Applicable Final Terms” for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by ERG S.p.A. (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note; and
- (c) any definitive Notes issued in exchange for a Global Note.

The Notes, and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 1 July 2020 and made between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as issuing and principal paying agent and agent bank (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents). The Principal Paying Agent, the Calculation Agent (if any is specified in the applicable Final Terms and the Paying Agents, together referred to as the **Agents**.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the **Conditions**). References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. The expression **Prospectus Regulation** means Regulation (EU) 2017/1129. For the purposes of the Conditions, references to the European Economic Area include the United Kingdom.

Interest bearing definitive Notes have interest coupons (**Coupons**) and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or

terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the **Deed of Covenant**) dated 19 December 2018 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. If the Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. **FORM, DENOMINATION AND TITLE**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer and any Agent will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Agent as the holder of such nominal

amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

2. STATUS OF THE NOTES

The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

3. NEGATIVE PLEDGE

3.1 Negative Pledge

So long as any Notes remain outstanding, the Issuer will not, and will procure that none of its Material Subsidiaries will, create or have outstanding any Security Interest (other than a Permitted Security Interest or a Security Interest to secure Project Finance Indebtedness) upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness of the Issuer, unless the Issuer at the same time or prior thereto procures that:

- (a) all amounts payable by it under the Notes and the Coupons are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or
- (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

3.2 Interpretation

For the purposes of these Conditions:

Group means the Issuer and its Subsidiaries;

Indebtedness means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any money borrowed or raised (other than the intra-group indebtedness);

EBITDA means, in relation to any Relevant Period, the consolidated net profit (loss) of the Group before profit from discontinued operations, income taxes, Gains/(losses) on equity investments, net financial expenses, amortisation, depreciation and impairment of non-current assets. EBITDA is a subtotal in the statement of profit and loss (labelled as “EBITDA” and/or as “Gross operating income (EBITDA)”);

Financial Year means each period of twelve months ending on 31 December of each relevant year;

Material Subsidiary means, at any time, any Subsidiary of the Issuer (other than any Subsidiary which is a Project Finance Company) whose EBITDA on a non-consolidated or, if applicable, consolidated basis, as shown in the most recent audited consolidated or non-consolidated financial

statements of such Subsidiary, represents 10 per cent. or more of the consolidated EBITDA of the Issuer, as shown in or calculated by reference to the Issuer's most recent audited consolidated financial statements;

Permitted Security Interest means:

- (a) any Security Interest arising by operation of law; or
- (b) any Security Interest created by any entity upon the whole or any part of its undertaking or assets and existing at the time such entity (i) merges or consolidates with or is demerged, contributed or merged into or transferred to the Issuer or a Material Subsidiary, (ii) becomes a Material Subsidiary of the Issuer or (iii) sells, contributes or transfers all or substantially all of its assets to the Issuer or a Material Subsidiary, *provided that* such Security Interest was not created in connection with, or in contemplation of, such merger, consolidation, demerger, contribution, transfer or sale or such entity becoming a Material Subsidiary and *provided further that* the amount of Relevant Indebtedness secured by such Security is not subsequently increased; or
- (c) any Security Interest to secure Relevant Indebtedness upon or with respect to any present or future assets, receivables, remittances or payment rights of the Issuer or any of its Material Subsidiaries (the **Charged Assets**) which is created pursuant to any securitisation or like arrangements whereby all or substantially all the payment obligations in respect of such Relevant Indebtedness are to be discharged solely from the Charged Assets.

Person means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

Project Finance Company means a special purpose company which (alone or together with other affiliated special purpose companies) is specifically dedicated to the purpose of carrying out a Project Financing;

Project Finance Indebtedness means any present or future Indebtedness incurred on a Project Financing basis;

Project Financing means the financing of a project in respect of which the relevant lenders (i) satisfy their claims towards the Project Finance Company through the cash flow generated by the newly acquired and/or built assets of the project and (ii) are secured by the project assets without recourse towards other companies and/or assets of the Project Finance Company's group, with the exception of:

- (a) customary security over shareholders loans;
- (b) customary limited contingent contractual equity obligations covering specific events that may affect the projects; and
- (c) contingent equity (provided by way of, inter alia, subscription of shares, cash contributions, shareholder's loans and intercompany loans) committed to the Issuer's wind projects up to a maximum amount of €40,000,000;

Relevant Indebtedness means (i) any Indebtedness, whether present or future, which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange, over-the-counter or other organised market for securities or (ii) any guarantee and/or indemnity in relation to any such Indebtedness;

Relevant Period means:

- (a) each Financial Year; and
- (b) each period beginning on the first day of the second half of the previous Financial Year and ending on the last day of the first half of its current Financial Year;

Security Interest means any mortgage, charge, pledge, lien or other form of security interest including, without limitation, anything substantially analogous to any of the foregoing under the laws of any jurisdiction; and

Subsidiary means *società controllata*, as defined in Article 2359, first and second paragraphs, of the Italian Civil Code.

4. INTEREST

4.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. In the case of Fixed Rate Notes which are specified in the applicable Final Terms as being Step-up/Step-down Notes, Condition 4.3 (*Interest on Step-up/Step-down Notes*) also applies. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction.

The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount to the Calculation Amount in the case of Fixed Rate Notes in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest, in accordance with this Condition 4.1:

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
 - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

4.2 Interest on Floating Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest**

Payment Date) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 4.2(a) (*Interest Payment Dates*), the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open; and
- (c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(b) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms. In the case of Floating Rate Notes which are specified in the applicable Final Terms as being Step-up/Step-down Notes, Condition 4.3 (*Interest on Step-up/Step-down Notes*) also applies.

(i) **ISDA Determination for Floating Rate Notes**

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this Condition 4.2(b)(i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or the Calculation Agent, as applicable, under an interest rate swap transaction if the Principal Paying Agent or the Calculation Agent, as applicable, were acting as Calculation Agent (as defined in the ISDA Definitions (as defined below)) for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this Condition 4.2(b)(i), **Floating Rate**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) **Screen Rate Determination for Floating Rate Notes**

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent or the Calculation Agent, as applicable. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such

lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent or the Calculation Agent, as applicable, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of Condition 4.2(b)(ii)(A), no such offered quotation appears or, in the case of Condition 4.2(b)(ii)(B), fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 4.2(b) *Rate of Interest* is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 4.2(b) *Rate of Interest* is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Principal Paying Agent or the Calculation Agent, as applicable, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent or the Calculation Agent, as applicable, will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

- (i) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the

Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{\lfloor 360 \times (Y_2 - Y_1) \rfloor + \lfloor 30 \times (M_2 - M_1) \rfloor + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{\lfloor 360 \times (Y_2 - Y_1) \rfloor + \lfloor 30 \times (M_2 - M_1) \rfloor + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30;

- (vii) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{\lfloor 360 \times (Y_2 - Y_1) \rfloor + \lfloor 30 \times (M_2 - M_1) \rfloor + (D_2 - D_1)}{360}$$

where:

Y₁ is the year, expressed as a number, in which the first day of the Interest Period falls;

Y₂ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M₁ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M₂ is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D₁ is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

D₂ is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

(e) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent or the Calculation Agent, as applicable, by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent or the Calculation Agent, as applicable, shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) Notification of Rate of Interest and Interest Amounts

The Principal Paying Agent or the Calculation Agent, as applicable, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 13 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 13 (*Notices*). For the purposes of this Condition 4.2(f), the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(g) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2(g) by the Principal Paying Agent or the Calculation Agent, as applicable, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent, the other Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent, as applicable, in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

4.3 Interest on Step-up/Step-down Notes

(a) Fixed Rate Notes

The Rate of Interest for Fixed Rate Notes which are specified in the applicable Final Terms as being Step-up/Step-down Notes will be the Initial Rate of Interest specified in the applicable Final Terms. The Initial Rate of Interest shall be subject to adjustment (each such adjustment, a **Fixed Rate Adjustment**) in the event of a Step-up Rating Change (or a deemed Step-up Rating Change, as set out below) (if any) or a subsequent Step-down Rating Change (or a subsequent deemed Step-down Rating Change, as set out below) (if any), as the case may be, in accordance with the following provisions.

Any Fixed Rate Adjustment shall apply in respect of the Fixed Interest Period commencing on the Interest Payment Date falling on or immediately following the date of the relevant Step-up Rating Change (or deemed Step-up Rating Change) or Step-down Rating Change (or deemed Step-down Rating Change), as the case may be, until either a further Fixed Rate Adjustment becomes effective or the date of redemption, as the case may be.

For any Fixed Interest Period commencing on or after the first Interest Payment Date immediately following the date of a Step-up Rating Change (or a deemed Step-up Rating Change), if any, the Rate of Interest shall be increased by the Step-up Margin specified in the applicable Final Terms. In the event that a Step-down Rating Change (or a deemed Step-down Rating Change) occurs after the date of a Step-up Rating Change (or a deemed Step-up Rating Change) or on the same date but subsequent thereto, then for any Fixed Interest Period commencing on the first Interest Payment Date following the date of such Step-down Rating Change (or such deemed Step-down Rating Change), the Rate of Interest shall be the Initial Rate of Interest.

(b) Floating Rate Notes

The Margin for Floating Rate Notes which are Step-up/Step-down Notes will be the Margin specified in the applicable Final Terms. The Margin shall be subject to adjustment (each such adjustment, a **Floating Rate Adjustment**) in the event of a Step-up Rating Change (or a deemed Step-up Rating Change) (if any) or a subsequent Step-down Rating Change (or a deemed Step-down Rating Change) (if any), as the case may be, in accordance with the following provisions.

Any Floating Rate Adjustment shall apply in respect of the Interest Period commencing on the Interest Payment Date falling on or immediately following the date of the relevant Step-up Rating Change (or deemed Step-up Rating Change) or Step-down Rating Change (or deemed Step-down Rating Change), as the case may be, until either a further Floating Rate Adjustment becomes effective or the date of redemption, as the case may be.

For any Interest Period commencing on or after the first Interest Payment Date immediately following the date of a Step-up Rating Change (or a deemed Step-up Rating Change), if any, the Margin shall be increased by the Step-up Margin specified in the applicable Final Terms.

In the event that a Step-down Rating Change (or a deemed Step-down Rating Change) occurs after the date of a Step-up Rating Change (or a deemed Step-up Rating Change) or on the same date but subsequent thereto, then for any Interest Period commencing on the first Interest Payment Date following the date of such Step-down Rating Change (or such deemed Step-down Rating Change), the Margin shall be the Margin specified in the applicable Final Terms.

(c) General

- (i) In the event that (a) any Rating Agency ceases to assign a rating to the Notes and (ii) the Notes do not carry, or the Issuer fails to obtain, an investment grade rating of the Notes from any other substitute Rating Agency within 180 days, then a Step-up Rating Change will be deemed to have occurred. If a rating of the Notes is subsequently assigned by at least one Rating Agency, then if such rating is an investment grade credit rating (BBB-/Baa3/BBB-, or equivalent) or higher, a Step-down Rating Change will be deemed to have occurred on the date of such assignment.
- (ii) The Rate of Interest or the Margin (as applicable) will only be subject to adjustment due to a Step-up Rating Change (or a deemed Step-up Rating Change), as provided above, upon the first occurrence on or after the Interest Commencement Date of a Step-up Rating Change (or a deemed Step-up Rating Change) and may occur only once. An adjustment to the Rate of Interest or the Margin (as applicable) following the occurrence of a Step-down Rating Change (or a deemed Step-down Rating Change) may only occur once and, in any event, only after the occurrence of a Step-up Rating Change (or a deemed Step-up Rating Change).
- (iii) The Issuer shall cause each Rating Change (if any) and the applicable Rate of Interest or applicable Margin to be notified to the Agent, any stock exchange on which the Notes are for the time being listed and the Noteholders in accordance with Condition 13 (*Notices*) as soon as practicable after such Rating Change.
- (iv) If the rating designations employed by any Rating Agency are changed from those which are described in this Condition, the Issuer shall determine the rating designations of the relevant Rating Agency as are most equivalent to the prior rating designations of such Rating Agency, and this Condition 4.3 shall be construed accordingly.

In the Conditions:

Rating Agency means Fitch and/or Moody's and/or S&P where **Fitch** means Fitch Italia S.p.A. or any successor or affiliate, **Moody's** means Moody's Investors Service Limited or any successor or affiliate, and **S&P** means S&P Global Ratings, a division of S&P Global Inc. or any successor or affiliate;

Rating Change means a Step-up Rating Change (or a deemed Step-up Rating Change) and/or a Step-down Rating Change (or a deemed Step-down Rating Change);

Step-down Rating Change means, subject as provided above in relation to a deemed Step-down Rating Change, the first public announcement after a Step-up Rating Change by the relevant Rating Agency of an increase in its rating of the Notes to investment grade (BBB-/Baa3/BBB-, or equivalent) or higher, provided that, for the avoidance of doubt, any further increase in the credit rating of the Notes above investment grade (BBB-/Baa3/BBB-, or equivalent) shall not constitute a further Step-down Rating Change; and

Step-up Rating Change means, subject as provided above in relation to a deemed Step-up Rating Change, the first public announcement by any Rating Agency (such Rating Agency, the **relevant Rating Agency**) of a decrease in its rating of the Notes to below investment grade (BBB-/Baa3/BBB-, or equivalent). For the avoidance of doubt, any further decrease in the credit rating of the Notes from below investment grade (BBB-/Baa3/BBB-, or equivalent) by the relevant Rating Agency or any other Rating Agency shall not constitute a further Step-up Rating Change.

4.4 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13 (*Notices*).

4.5 Benchmark Discontinuation

This Condition 4.5 is applicable to Notes only if the Floating Rate Note Provisions are specified in the form of Final Terms as being applicable.

(a) Independent Adviser

If a Benchmark Event occurs (as may be determined by the Issuer) in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.5(b) (*Successor Rate or Alternative Rate*)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4.5(c) (*Adjustment Spread*)) and any Benchmark Amendments (in accordance with Condition 4.5(d) (*Benchmark Amendments*)).

An Independent Adviser appointed pursuant to this Condition 4.5(a) shall act in good faith and in a commercially reasonable manner as an expert and in consultation with the Issuer. In the absence of bad faith, fraud and gross negligence, the Independent Adviser shall have no liability whatsoever to the Issuer, the Paying Agents, the Calculation Agent (if any is specified

in the applicable Final Terms), the Noteholders or the Couponholders for any determination made by it pursuant to this Condition 4.5.

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4.5(a) prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this Condition 4.5(a) shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4.5(a).

(b) Successor Rate or Alternative Rate

If the Independent Adviser determines that:

- (i) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 4.5(c) (*Adjustment Spread*)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4.5); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 4.5(c) (*Adjustment Spread*)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4.5).

(c) Adjustment Spread

If the Independent Adviser determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

Notwithstanding any other provision of Condition 4 (*Interest*), if in the opinion of the Principal Paying Agent or the Calculation Agent, as applicable, there is any uncertainty between two or more alternative courses of action in making any determination or calculation under Condition 4 (*Interest*), the Principal Paying Agent or the Calculation Agent, as applicable, shall promptly notify the Issuer thereof and the Issuer shall direct the Principal Paying Agent or the Calculation Agent, as applicable, in writing as to which alternative course of action to adopt. If the Principal Paying Agent or the Calculation Agent, as applicable, is not promptly provided with such direction it shall notify the Issuer thereof and the Principal Paying Agent or the Calculation Agent, as applicable, shall be under no obligation to make such calculation or determination.

(d) Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4.5 and the Independent Adviser determines (i) that amendments to these Conditions and the Agency Agreement, including but not limited to Relevant Screen Page, are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the Benchmark Amendments) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 13 (*Notices*), without any requirement for the consent or approval of Noteholders, vary these Conditions and the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 4.5(d), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(e) Notices

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4.5 will be notified promptly by the Issuer to the Principal Paying Agent or the Calculation Agent, as applicable, and each Paying Agent and, in accordance with Condition 13 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(f) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Condition 4.5(a) (*Independent Adviser*) to Condition 4.5(d) (*Benchmark Amendments*), the Original Reference Rate and the fallback provisions provided for in Condition 4.2(b)(ii) (4.2(b)(ii)) will continue to apply unless and until a Benchmark Event has occurred.

For the purposes of this Condition 4.5:

Adjustment Spread means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (ii) the Independent Adviser determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or if the Issuer determines that no such industry standard is recognised or acknowledged); or

- (iii) the Independent Adviser determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

Alternative Rate means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 4.5(b) (*Successor Rate or Alternative Rate*) is customary in market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes and with an interest period of a comparable duration to the relevant Interest Period;

Benchmark Amendments has the meaning given to it in Condition 4.5(d) *Benchmark Amendments*;

Benchmark Event means:

- (i) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes, in each case within the following six months; or
- (v) it has become unlawful for the Agents, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate.

For the avoidance of doubt, the Agents shall not be obliged to monitor or inquire whether a Benchmark Event has occurred or have any liability in respect thereof.

Independent Adviser means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4.5(a) (*Independent Adviser*);

Original Reference Rate means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes;

Relevant Nominating Body means, in respect of a benchmark or screen rate (as applicable):

- (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (C) a group of the aforementioned central banks or other supervisory authorities, or (D) the Financial Stability Board or any part thereof;

Successor Rate means the rate that the Independent Adviser determines is a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

5. PAYMENTS

5.1 Method of payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto.

5.2 Presentation of definitive Notes and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 5.1 (*Method of payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under

Condition 8 (*Prescription*) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

5.3 Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

5.4 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition 5.4, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

5.5 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 8 (*Prescription*)) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits):
 - (i) in the case of Notes in definitive form only, in the relevant place of presentation; and
 - (ii) in each Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and
- (c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

5.6 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 7 (*Taxation*);
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes; and
- (e) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 (*Taxation*).

6. REDEMPTION AND PURCHASE

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount (which will be 100 per cent. of the nominal amount of the Notes) specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

6.2 Redemption for tax reasons

Subject to Condition 6.6 (*Early Redemption Amounts*), the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Principal Paying Agent and, in accordance with Condition 13 (*Notices*), the Noteholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7 (*Taxation*)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6.2, the Issuer shall deliver to the Principal Paying Agent to make available at its specified office to the Noteholders (i) a certificate signed by an authorised signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.6 (*Early Redemption Amounts*) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

The Optional Redemption Amount will either be the specified percentage of the nominal amount of the Notes stated in the applicable Final Terms or, if a Make-whole Amount is specified in the applicable Final Terms, will be an amount equal to the higher of (as determined by the Issuer or a delegated third party agent/independent advisor):

- (a) 100 per cent. of the nominal amount of the Notes to be redeemed; or
- (b) as calculated by the Financial Adviser, the sum of the present values of the nominal amount of the Notes to be redeemed and the Remaining Term Interest on such Notes (exclusive of interest accrued to the Optional Redemption Date) discounted to the Optional Redemption Date on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) 366) at the Reference Bond Rate (as defined below), plus the specified Redemption Margin,

plus in each case, for the avoidance of doubt, any interest accrued on the Notes to, but excluding, the Optional Redemption Date.

In the Conditions:

FA Selected Bond means a government security or securities selected by the Financial Adviser as having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the remaining term of the Notes;

Financial Adviser shall be as set out in the applicable Final Terms or an independent and internationally recognised financial adviser selected by the Issuer;

Redemption Margin shall be as set out in the applicable Final Terms;

Reference Bond shall be as set out in the applicable Final Terms or the FA Selected Bond;

Reference Bond Price means, with respect to the Optional Redemption Date, (a) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (b) if the Issuer in consultation with the Financial Adviser obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

Reference Bond Rate means, with respect to the Optional Redemption Date, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such Optional Redemption Date;

Reference Government Bond Dealer means each of five banks selected by the Issuer, or their affiliates, which are (a) primary government securities dealers, and their respective successors, or (b) market makers in pricing corporate bond issues;

Reference Government Bond Dealer Quotations means, with respect to each Reference Government Bond Dealer and the Optional Redemption Date, the arithmetic average, as determined by the Issuer in consultation with the Financial Adviser, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time specified in the applicable Final Terms on the Reference Date quoted in writing to the Issuer and the Financial Adviser by such Reference Government Bond Dealer; and

Remaining Term Interest means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term of such Note determined on the basis of the rate of interest applicable to such Note from and including the Optional Redemption Date.

All notifications, opinions, determinations, certifications, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6.3 by the Agent and/or the Issuer and/or the Financial Adviser, shall (in the absence of gross negligence, wilful default or fraud) be binding on the Issuer, the Agent, the Paying Agents and all Noteholders and Couponholders.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 (*Notices*) not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 (*Notices*) at least five days prior to the Selection Date.

6.4 Clean-Up Call

If Clean-Up Call is specified as being applicable in the applicable Final Terms, in the event that 20 per cent. or less of the initial aggregate principal amount of a particular Series of Notes (including any Notes issued pursuant to Condition 15 (*Further Issues*)) remains outstanding, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not some only, of the outstanding Notes in that Series at par together with any interest accrued to the date set for redemption.

6.5 Redemption at the option of the Noteholders upon a Change of Control (Change of Control Put)

If Change of Control Put is specified as being applicable in the applicable Final Terms and a Put Event (as defined below) has occurred, each Noteholder may, during the Change of Control Redemption Period (as defined below), notify the Issuer, as further provided below, that it requires the early redemption of all or some of its Notes. The Issuer, will redeem in whole (but not in part) the Notes the subject of the notice on the Change of Control Redemption Date (as defined below) at the Optional Redemption Amount specified in applicable Final Terms together with accrued interest thereon up to (but excluding) the Change of Control Redemption Date.

Any Change of Control shall be notified to the Noteholders in accordance with Condition 13 (*Notices*) by the Issuer within five Business Days of its occurrence. Such notice shall also indicate the relevant Change of Control Redemption Period (as defined below) and Change of Control Redemption Date. For so long as the Notes are listed on the regulated market of the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer shall also notify the Luxembourg Stock Exchange promptly of any Change of Control.

Any such notification will indicate the date of the Change of Control, the period in which the early redemption of the Notes may be requested (the **Change of Control Redemption Period**) and the Change of Control Redemption Date. The Change of Control Redemption Period will run for 20 Business Days following the date on which notice of the Change of Control is given to the Noteholders

in accordance with Condition 13 (*Notices*) and, for the purpose of this Condition 6.5, **Change of Control Redemption Date** means the date specified in the notification of Change of Control by the Issuer, being a date not earlier than 5 nor later than 10 Business Days after expiry of the Change of Control Redemption Period.

To exercise the right to require early redemption of any Notes, the holder of the Notes must deliver at the specified office of any Paying Agent, on any Business Day during the Change of Control Redemption Period, a duly signed and completed notice of exercise in the form (for the time being current and which may, if such Notes are held in a clearing system, be in any form acceptable to such clearing system and may be delivered in any manner acceptable to such clearing system) obtainable from the specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 6.5 accompanied by such Notes or evidence satisfactory to the Paying Agent concerned that such Notes will, following the delivery of the Put Notice, be held to its order or under its control. A Put Notice given by a holder of any Note shall be irrevocable except where, prior to the Change of Control Redemption Date, an Event of Default has occurred and is continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Put Notice.

As used herein:

acting in concert means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Issuer by any of them, either directly or indirectly, to obtain or consolidate control of the Issuer;

A **Change of Control** shall be deemed to occur if any person or group of persons acting in concert, other than the Shareholders, acquires Control of the Issuer;

Control shall be construed in accordance with Article 2359, first and second paragraphs, of the Italian Civil Code and Article 93 of Legislative Decree No. 58 of 24 February 1998 (as subsequently amended or supplemented); and

Put Event shall be deemed to occur if:

- (a) a Change of Control occurs; and
- (b) at the time of the later of the first public announcement and the occurrence of the Change of Control, the Notes carry from any Rating Agency (as defined in Condition 4.3 (*Interest on Step-up/Step-down Notes*)) either:
 - (i) an investment grade credit rating (BBB-/Baa3/BBB-, or equivalent, or better), and such rating from any Rating Agency is within 180 days of the later of the first public announcement and the occurrence of the Change of Control either downgraded to a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse) or withdrawn and is not within such 180-day period subsequently (in the case of a downgrade) upgraded to an investment grade credit rating by such Rating Agency or (in the case of a withdrawal) replaced by an investment grade credit rating from any other Rating Agency; or
 - (ii) a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse), and such rating from any Rating Agency is within 180 days of the later of the first public announcement and the occurrence of the Change of Control downgraded by one or more notches (for illustration, Ba1 to Ba2 being one notch) and is not within such 180-day period subsequently upgraded to its earlier credit rating or better by such Rating Agency; or

- (iii) no credit rating, and no Rating Agency assigns within 90 days of the later of the first public announcement and the occurrence of the Change of Control an investment grade credit rating to the Notes

(each, a **Rating Event**), and

- (c) in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the Change of Control;

Shareholders means, with reference to the shares of the Issuer, (i) each of the end beneficial holders of interests in San Quirico S.p.A. and/or Polcevera S.r.l. at the Issue Date (being members of the Garrone and/or Mondini families), together with, in relation to each such beneficial holder, his or her spouse(s), partner(s), children and other direct or indirect descendants or heirs, (ii) San Quirico S.p.A. and/or Polcevera S.r.l. and (iii) any Person controlled by the aforementioned, directly or indirectly, individually or collectively, and any trust, parental trust fund for minors or private foundation set up by any of the aforementioned.

6.6 Early Redemption Amounts

For the purpose of Condition 6.2 (*Redemption for tax reasons*) and Condition 9 (*Events of Default*):

- (a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and
- (b) each Zero Coupon Note will be redeemed at its Early Redemption Amount calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

6.7 Purchases

The Issuer or any Subsidiary of the Issuer may at any time purchase Notes (provided that, in the case of definitive Notes, all unmaturing Coupons and Talons appertaining thereto are purchased therewith)

at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation

6.8 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.7 (*Purchases*) (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

6.9 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1 (*Redemption at maturity*), 6.2 (*Redemption for tax reasons*), 6.3 (*Redemption at the option of the Issuer (Issuer Call)*) and 6.5 (*Redemption at the option of the Noteholders upon a Change of Control (Change of Control Put)*) or upon its becoming due and repayable as provided in Condition 9 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.6(b) (*Early Redemption Amounts*) as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 13 (*Notices*).

7. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer will be made free and clear of, and without withholding or deduction for or on account of any present or future taxes or duties of whatever nature (**Taxes**) imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal (if applicable) and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable in respect of any Note or Coupon:

- (a) presented for payment in a Tax Jurisdiction; or
- (b) presented for payment by, or on behalf of a holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption; or
- (c) in relation to any payment or deduction on any interest, premium or other proceeds of any Note or Coupon on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996 (**Decree No. 239**), as amended and restated from time to time, or any related implementing regulations and in all circumstances in which the requirements and procedures to obtain an exemption from *imposta sostitutiva* under Decree No 239 have not been met or complied with; or

- (d) presented for payment by, or on behalf of, a holder who is liable for such Taxes in respect of the Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of the Note or Coupon; or
- (e) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5.5 (*Payment Day*)).

For the avoidance of doubt, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of US Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions) or pursuant to any agreement with the US Internal Revenue Service (**FATCA Withholding**) as a result of a holder, beneficial owner or an intermediary that is not an agent of the Issuer not being entitled to receive payments free of FATCA withholding. The Issuer will have no obligation to pay additional amounts or otherwise indemnify a holder for any such FATCA withholding deducted or withheld by the Issuer, a Paying Agent or any other party, as the case may be.

As used herein:

- (i) **Tax Jurisdiction** means the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which payments made by the Issuer of principal and interest on the Notes become generally subject; and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13 (*Notices*).

8. PRESCRIPTION

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7 (*Taxation*) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 8 or Condition 5.2 (*Presentation of definitive Notes and Coupons*) or any Talon which would be void pursuant to Condition 5.2 (*Presentation of definitive Notes and Coupons*).

9. EVENTS OF DEFAULT

If any one or more of the following events (each an **Event of Default**) shall occur and is continuing:

- (a) *Non-payment*: if default is made in the payment of any amount due in respect of the Notes or any of them and, in the case of a payment of principal, the default continues for a period of 7 days and in the case of a payment of interest, the default continues for a period of 14 days; or
- (b) *Breach of other obligation*: if the Issuer fails to perform or observe any of its other obligations under these Conditions (being obligations other than payment obligations to which Condition 9(a) applies) and the failure continues for the period of 30 days following the service by any Noteholder on the Issuer of notice requiring the same to be remedied; or

- (c) *Cross-default*: if (i) any Indebtedness of the Issuer or any of its Material Subsidiaries becomes due and repayable prematurely by reason of an event of default (however described), or (ii) the Issuer or any of its Material Subsidiaries fails to make any payment in respect of any of its Indebtedness on the due date for payment as extended by any originally applicable grace period, or (iii) any security given by the Issuer or any of its Material Subsidiaries for any Indebtedness becomes enforceable, or (iv) default is made by the Issuer or any of its Material Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness, unless such payment (or the anticipated maturity thereof), enforcement of security or default, as the case may be, is contested in good faith by the Issuer or the relevant Material Subsidiary by all appropriate means, including (where applicable) an application to a competent court for a declaration that such payment is not due, such security is not enforceable and/or such default has not occurred (as the case may be) and provided that, in the case of (i), (ii), (iii) and (iv) above, such Indebtedness is, either individually or in the aggregate, in a principal amount of €20,000,000 or more, or its equivalent in any other currency; or
- (d) *Unsatisfied judgment*: if the Issuer or any of its Material Subsidiaries fails to pay, for a period of 45 days after the date(s) of receipt of notice or, if later, the date therein specified for payment, one or more judgment(s) or order(s) of a court of competent jurisdiction rendered against the Issuer or the relevant Material Subsidiary for the payment of any amount in excess of €20,000,000 (or its equivalent in any other currency or currencies), provided that no such event shall constitute an event of default so long as and to the extent that the Issuer or the relevant Material Subsidiary is contesting in a court of competent jurisdiction, in good faith, that the relevant amount shall not be due or enforceable, as appropriate, on the date specified for payment in the relevant notice and such judgment or order is subsequently discharged within 120 days, commencing on the date on which the Issuer or the relevant Material Subsidiary commences the appropriate proceedings in the court of competent jurisdiction; or
- (e) *Winding-up*: if any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer or any of its Material Subsidiaries except for the purposes of, or pursuant to, a Permitted Transaction; or
- (f) *Cessation of business*: if the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on the whole or substantially the whole of its business, except for the purposes of, or pursuant to, a Permitted Transaction; or
- (g) *Insolvency/enforcement proceedings*: if (i) the Issuer or any of its Material Subsidiaries becomes insolvent or bankrupt or is unable to pay its debts (or any class of its debts) as they fall due or (ii) proceedings are initiated against the Issuer or any of its Material Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Material Subsidiaries or, as the case may be, in relation to the whole or substantially the whole of the undertaking or assets of the Issuer or any of its Material Subsidiaries or (iii) an encumbrancer takes possession of the whole or substantially the whole of the undertaking or assets of the Issuer or any of its Material Subsidiaries or (iv) a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or substantially the whole of the undertaking or assets of the Issuer or any of its Material Subsidiaries, and (v) in any of the foregoing cases unless initiated by the Issuer or the relevant Material Subsidiary, is not contested in good faith by all appropriate means by the Issuer or the relevant Material Subsidiary, or is not stayed or dismissed, in each case within 30 days (such period commencing on the date of presentation of the relevant petition or application); or

- (h) *Composition*: if the Issuer or any of its Material Subsidiaries takes any action for judicial composition proceedings with its creditors or the appointment of an administrator, liquidator, receiver, administrative receiver or other similar official in insolvency proceedings or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any guarantee of any Indebtedness given by it; or
- (i) *Analogous event*: if any event occurs which, under the laws of the Republic of Italy, has an analogous effect to any of the events referred to in Conditions 9(e) to (h); or
- (j) *Unlawfulness/unenforceability*: if it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Agency Agreement or any such obligations cease or will cease to be legal, valid, binding and enforceable;

then any holder of a Note may, by written notice to the Issuer at the specified office of the Principal Paying Agent, effective upon the date of receipt thereof by the Principal Paying Agent, declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

As used herein, **Permitted Transaction** means:

- (i) in the case of a Material Subsidiary, any reorganisation, amalgamation, merger, demerger, consolidation, contribution in kind or restructuring or other similar transaction, in each case whilst solvent whereby the whole or substantially the whole of the assets and undertakings of such Material Subsidiary are transferred, sold, contributed, assigned or otherwise vested in (i) the Issuer and/or another Subsidiary of the Issuer (as the case may be) or (ii) a third party as a going concern for full consideration on arm's length terms; or
- (ii) in the case of the Issuer, any reorganisation, amalgamation, merger, demerger, consolidation, contribution in kind or restructuring or other similar transaction, in each case whilst solvent whereby the whole or substantially the whole of the assets and undertakings of the Issuer are transferred, sold, contributed, assigned or otherwise vested in (i) any Subsidiary of the Issuer or (ii) a body corporate that is in good standing and such body corporate (A) assumes liability as principal debtor in respect of the Notes and (B) continues to carry on all or substantially all of the business of the Issuer and with respect to (A), an opinion of an independent legal adviser of recognised standing in the Republic of Italy is delivered to the Agent confirming the same prior to the effective date of such Permitted Transaction, *provided that* no Rating Downgrade occurs following such transaction; or
- (iii) any reorganisation, amalgamation, merger, demerger, consolidation, contribution in kind or restructuring whilst solvent or other similar arrangement on terms previously approved by an Extraordinary Resolution.

A **Rating Downgrade** will be deemed to have occurred if, at the time of the later of the first public announcement and the effective date of the Permitted Transaction, the Notes carry from any Rating Agency either:

- (i) an investment grade credit rating (BBB-/Baa3/BBB-, or equivalent, or better), and such rating from any Rating Agency is within 90 days of the later of the first public announcement and the effective date of the Permitted Transaction either downgraded to a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse) or withdrawn and is not within such 90-day period subsequently (in the case of a downgrade) upgraded to an investment grade credit

rating by such Rating Agency or (in the case of a withdrawal) replaced by an investment grade credit rating from any other Rating Agency; or

- (ii) a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse), and such rating from any Rating Agency is within 90-days of the later of the first public announcement and the effective date of the Permitted Transaction downgraded by one or more notches (for illustration, Ba1 to Ba2 being one notch) and is not within such 90-day period subsequently upgraded to its earlier credit rating or better by such Rating Agency; or
- (iii) no credit rating, and no Rating Agency assigns within 45 days of the later of the first public announcement and the effective date of the Permitted Transaction an investment grade credit rating to the Notes,

provided that, in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the Permitted Transaction;

10. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes Coupons or Talons must be surrendered before replacements will be issued.

11. AGENTS

The initial Agents are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.4 (*General provisions applicable to payments*). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 13 (*Notices*).

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

12. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8 (*Prescription*).

13. NOTICES

All notices regarding the Notes will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in London and (b) if and for so long as the Notes are admitted to trading on, and listed on the Official List of, the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg or the Luxembourg Stock Exchange's website, www.bourse.lu. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London and the *Luxemburger Wort* or the *Tageblatt* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

14. MEETINGS OF NOTEHOLDERS AND MODIFICATION

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification of these Conditions, the Notes, the Coupons or any of the provisions of the Agency Agreement. All meetings of the Noteholders will be held in accordance with applicable provisions of Italian law in force at the time (including, without limitation, Legislative Decree No. 58 of 24 February 1998 as amended) and the By-laws of the Issuer in force from time to time. Accordingly, the provisions contained in the Agency Agreement shall be deemed to be amended, replaced and supplemented to the extent that any Italian laws, legislation, rules and regulations dealing with the meetings of the Noteholders or the relevant provisions in the By-laws of the Issuer are amended at any time while the Notes remain outstanding. Without prejudice to the foregoing, in accordance with Article 2415 of the Italian Civil Code, the meeting of Noteholders is

empowered to resolve upon the following matters: (i) the appointment and revocation of the Noteholders' Representative, (ii) any amendment to these Conditions, (iii) motions for the composition with creditors (*concordato*) of the relevant Issuer; (iv) establishment of a fund for the expenses necessary for the protection of the common interests of the Noteholders and the related statements of account; and (v) any other matter of common interest to the Noteholders.

Italian law currently provides that such a meeting may be convened by the Issuer or the Noteholders' Representative (as defined below) at their discretion and, in any event, shall be convened by either of them upon the request of any Noteholder(s) holding not less than 5 per cent. in nominal amount of the Notes for the time being remaining outstanding. If the meeting has not been convened following such request of the Noteholders, the same may be convened by a decision of the competent court in accordance with the provisions of Article 2367, paragraph 2, of the Italian Civil Code. Every such meeting shall be held at such time as indicated in the notice of meeting and at such place as provided pursuant to Article 2363 of the Italian Civil Code.

Such a meeting will be validly held if (i) in the case of a sole call meeting, there are one or more persons present being or representing Noteholders holding at least one-fifth of the principal amount of the outstanding Notes; or (ii) (a) in the case of a first meeting, there are one or more persons present being or representing Noteholders holding at least one half of the aggregate nominal amount of the Notes for the time being outstanding; (b) in the case of a second meeting, following adjournment of first meeting for want of quorum, there are one or more persons present being or representing Noteholders holding more than one third of the aggregate nominal amount of the Notes for the time being outstanding; and (c) in the case of any further adjourned meeting, there are one or more persons present being or representing Noteholders holding at least one fifth of the aggregate nominal amount of the Notes for the time being outstanding, provided however that that the Issuer's By-laws may in each case (to the extent permitted under the applicable Italian law) provide for a higher quorum.

The majority required to pass a resolution at any meeting (including any adjourned meeting) convened to vote on any resolution will be one or more persons holding or representing at least two thirds of the aggregate nominal amount of the Notes for the time being outstanding represented at the meeting; provided, however, that (A) certain proposals (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons) may only be sanctioned by a resolution passed at a meeting (including adjourned meetings as provided under Article 2415 of the Italian Civil Code) of Noteholders by the higher of (i) one or more persons holding or representing not less than one half of the aggregate principal amount of the outstanding Notes, and (ii) one or more persons holding or representing not less than two thirds of the Notes represented at the meeting, provided however that a different majority (higher or lower depending on the circumstances and the amount of Notes represented at the meeting) may be required pursuant to Article 2369 paragraph 7, of the Italian Civil Code and (B) the Issuer's by-laws may in each case (to the extent permitted under applicable Italian law) provide for higher majorities.

Officers and statutory auditors of the Issuer shall be entitled to attend the Noteholders' meetings but not participate or vote with reference to the Notes held by the Issuer. Any resolution duly passed at any such meeting shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

A representative of the Noteholders (*rappresentante comune*) (the **Noteholders' Representative**), subject to applicable provisions of Italian law, may be appointed pursuant to Article 2417 of the Italian Civil Code in order to represent the Noteholders' interests under these Conditions and to give effect to resolutions passed at a meeting of the Noteholders. If the Noteholders' Representative is not appointed by a meeting of such Noteholders, the Noteholders' Representative shall be appointed by a decree of the court where the Issuer has its registered office at the request of one or more Noteholders or at the request of the Board of Directors of the Issuer. The Noteholders' Representative shall remain

appointed for a maximum period of three years but may be reappointed again thereafter and shall have the powers and duties set out in Article 2418 of the Italian Civil Code.

In derogation from Article 2415 of the Italian Civil Code, the Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

- (a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Coupons or the Agency Agreement which, in the sole opinion of the Issuer, is not prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes, the Coupons or the Agency Agreement which, in the sole opinion of the Issuer, is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of applicable law or with the provisions of the Issuer's By-laws (*statuto*) applicable to the convening of meetings, quorums and the majorities required to pass a resolution entered into force at any time while the Notes remain outstanding.

Any such modification shall be binding on the Noteholders and the Couponholders and shall be notified to the Noteholders in accordance with Condition 13 (*Notices*) as soon as practicable thereafter.

For the avoidance of doubt, any variation of the Conditions and the Agency Agreement to give effect to the Benchmark Amendments in accordance with Condition 4.5 (*Benchmark Discontinuation*) shall not require the consent or approval of Noteholders or Couponholders.

15. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

17. GOVERNING LAW AND SUBMISSION TO JURISDICTION

17.1 Governing law

The Agency Agreement, the Deed of Covenant, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes and the Coupons are governed by, and construed in accordance with, English law, provided that Condition 12 (*Exchange of Talons*) and the provisions of the Agency Agreement concerning meetings of Noteholders are subject to compliance with the laws of the Republic of Italy.

17.2 Submission to jurisdiction

The Issuer has irrevocably agreed for the benefit of the Noteholders and the Couponholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes or the Coupons and accordingly has submitted to the exclusive jurisdiction of the English courts. The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.

The Noteholders and the Couponholders may take any suit, action or proceeding arising out of or in connection with the Notes or the Coupons respectively (together referred to as **Proceedings**) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

17.3 Appointment of Process Agent

The Issuer hereby irrevocably and unconditionally appoints MFB Solicitors at its registered office for the time being as its agent for service of process in England in respect of any Proceedings and undertakes that in the event of such agent ceasing so to act it will appoint another person as its agent for that purpose.

17.4 Other documents

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent in England for service of process, in terms substantially similar to those set out above.

USE OF PROCEEDS

Unless otherwise specified in the applicable Final Terms, the net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, which include making a profit. If the Tranche of Notes to be issued is described as "Green Bonds" or "Sustainability Bonds", the applicable Final Terms will describe the relevant projects to which the net proceeds of the Tranche of Notes will be applied.

DESCRIPTION OF THE ISSUER AND THE ERG GROUP

1. OVERVIEW

ERG S.p.A. (**ERG** or the **Issuer**) is an Italian joint stock company listed on the Italian Stock Exchange since 1997. Its registered office is at via De Marini 1, 16149 Genoa (Italy), telephone number +39 010 2401, and it is registered with the Companies' Register of Genoa (R.E.A. Genoa n. 354265) under Fiscal Code 94040720107 and VAT Number 10122410151. The Legal Entity Identifier (LEI) code of the Issuer is 8156004604684CA44A90.

The website of the Issuer is <https://www.erg.eu>. Information on the Issuer's website does not form part of this Base Prospectus, unless such information is expressly incorporated by reference into the Base Prospectus.

Pursuant to its by-laws, ERG's term of incorporation is until 31 December 2030 and may be extended by way of a shareholders' resolution.

The corporate objects of ERG, as provided by its by-laws, include all activities pertaining to the industrial production, trade, transport and distribution of energy related products for its own account or on behalf of third parties, including the purchase, construction and maintenance of related equipment and installations. Provided that such operations are not performed for the general public and are generally related to the Issuer's corporate objects, these activities may include, *inter alia*: (i) all economic, industrial, commercial and financial transactions, involving both fixed and current assets and the acquisition of shareholdings in other firms with similar or related objectives both in Italy and abroad; (ii) the provision of co-ordination and guidelines to affiliated companies as well as all forms of technical and organisational assistance and the provision of specific services; and (iii) the granting of collateral and/or personal guarantees, including for third-party obligations.

As at the date of this Base Prospectus, ERG has a share capital of EUR 15,032,000 divided into 150,320,000 ordinary shares having a nominal value of EUR 0.10 each.

2. HISTORY OF THE ISSUER

In 2018, the ERG Group (**ERG Group** or the **Group**) completed a fundamental transformation process, from a leading Italian private oil operator to a leading independent operator in the production of energy from renewable sources.

2.1 Incorporation, development and integration

ERG (formerly Edoardo Raffinerie Garrone) was founded on 2 June 1938 as a sole-owner firm to "market products made by processing crude oil and coal tar". Edoardo Raffinerie Garrone became a refinery following the end of the Second World War and in 1947 started production at the San Quirico Refinery in Genoa. In 1956, ERG signed its first major international agreement with British Petroleum, which for several years held a significant minority stake in ERG's share capital.

In 1971, ERG joined other private groups as a shareholder of ISAB S.r.l. (**ISAB**), a company founded to build a large refinery in Sicily and, in 1985, ERG bought a controlling stake of ISAB and subsequently increased its share until ISAB became a wholly owned subsidiary in 1997. After developing its activities mostly in the refining sector, ERG started to grow nationwide in the downstream oil sector, through its subsidiary, ERG Petroli S.p.A. (**ERG Petroli**). In 1984, ERG acquired the 780 service stations of the Italian subsidiary of ELF and, in 1986, ERG acquired 1,700 additional distribution stations from Chevron Oil Italiana.

2.2 Listing on the Italian Stock Exchange

In October 1997, following the rationalisation of its corporate structure and a shift in focus to the core business of energy, ERG completed its transformation from a family-owned and run business into a publicly listed

company and was listed on the Italian Electronic Stock Market. The global offer consisted of a public offer for subscription and sale of 41 million shares in Italy and a private placement of 30.75 million shares reserved for domestic and foreign institutional investors.

2.3 Transformation from an oil company into a multi-energy group

In 2000, ERG started to produce electricity with ISAB Energy (a joint venture with Edison Mission Energy), which built and operated an IGCC power plant with an installed capacity of 528 MW. By means of the joint venture, ERG commissioned the first plant in Italy for the regasification of crude oil residues used to generate electricity.

In October 2002, ERG Raffinerie Mediterranee S.p.A. (**ERG Raffinerie Mediterranee**) was incorporated to manage one of the largest and most efficient refining sites in Europe (located in the municipality of Siracusa), obtained through the merger and integration of ERG's ISAB Refinery with the former AGIP refinery, both in Priolo. The two refineries were integrated through the construction of a system of oil pipelines and other works needed to upgrade and improve production efficiency and environmental compatibility.

2.4 Entry into the renewable energy sector

In subsequent years, ERG continued its transformation from an oil company into a multi-energy group and further developed its commitment to alternative energies.

In 2006, ERG acquired a majority stake in EnerTAD S.p.A. (**EnerTAD**), a listed company involved in wind-based electricity generation. EnerTAD subsequently changed its name to ERG Renew S.p.A. (**ERG Renew**). In 2008, ERG signed a partnership agreement with PJSC LUKOIL (**LUKOIL**) that resulted in the incorporation of the "Newco" ISAB (51% ERG and 49% LUKOIL). The agreement entailed transferring the business unit of ERG Raffinerie Mediterranee, including all the assets of the ISAB refinery in Priolo, to ISAB, including a put option in favour of ERG on the 51% stake owned in ISAB. The joint venture with LUKOIL led to a partnership to support ERG's refining activities and manage the ISAB refinery in Priolo.

Between 2008 and 2015, ERG divested from the oil sector and reinvested in renewable energy related assets. As part of this process, ERG created the TotalERG joint venture, resulting from the merger of ERG Petroli and Total Italia S.p.A. and exited the oil related business by:

- selling to LUKOIL its remaining stake in ISAB, in two tranches, between 2012 and 2013;
- disposing of the ISAB Energy plant fuelled by the feedstock generated by the ISAB refinery plant;
- selling the fuel distribution network business managed and owned by the fully owned subsidiary ERG Oil Sicilia S.r.l.; and
- simultaneously reinvesting in clean energy production assets by acquiring existing wind plants and building new plants both in Italy and abroad.

In April 2010, a new 480 MW CCGT co-generation gas-fuelled plant, owned by the fully owned subsidiary ERG Power S.r.l. and located in the area of the industrial site of Priolo, started operation, in line with ERG's strategy to reinforce its presence as an independent power producer in the Italian electricity market.

In April 2011 ERG, through the fully owned subsidiary ERG Eolica Fossa del Lupo, completed the construction of, and entry into, operation of the second largest Italian wind farm, Fossa del Lupo, consisting of 39 WTGs located in the Municipality of Catanzaro.

In March 2013, ERG acquired IP Maestrale Investment Limited (now renamed ERG Wind Investment Limited (**EWIL**)) from the GDF Suez group for EUR 860 million. At the time of such acquisition it was the first Italian

wind operator with a total installed capacity of 636 MW of which 550 MW was installed in Italy. EWIL was financed with a non-recourse project finance facility amounting to EUR 838 million. In the following months, ERG set up ERG Renew Operations & Maintenance S.r.l. (**ERG Renew Operations & Maintenance**) to operate and maintain its wind farms. In October 2015 ERG acquired eleven wind farms in France and six wind farms in Germany from a fund managed by Impax Asset Management Group for EUR 297 million, funded through limited recourse project financing. Collectively the 17 wind farms have an overall capacity of 206 MW and an estimated average annual output of 410 GWh. As part of the acquisition, ERG also acquired a French and a German company that provides operational and commercial technical assistance to "captive" and third-party wind power operators in France, Germany and Poland covering a total of 800 MW.

In November 2015 ERG successfully acquired the entire hydroelectric business of E.ON Produzione S.p.A. (**E.ON Produzione**) via the acquisition of the entire share capital of Hydro Terni S.r.l. (now renamed ERG Hydro S.r.l. (**ERG Hydro**)) for EUR 950 million. The assets portfolio is composed of hydro-power plants located in the Italian regions of Umbria, Marche and Lazio, with an overall capacity of 527 MW. The perimeter transaction comprises 16 power plants, 7 dams, 3 reservoirs, a pumping station and 100 employees including technicians who are highly specialised in plant operations management, energy management specialists and support staff. The acquisition was financed through the use of cash available and the drawdown of a medium-term corporate acquisition loan of EUR 700 million from a pool of seven Italian and international lenders.

ERG has continued to expand in wind power, in particular outside of Italy. On 8 March 2017, ERG, through its subsidiary ERG Power Generation, acquired from DIF RE Erneuerbare Energien 1 GmbH and from DIF RE Erneuerbare Energien 3 GmbH 100% of the capital of six German companies that own six wind farms in Germany. The wind farms have an installed capacity of 48.4 MW. The transaction was completed on 2 May 2017. This acquisition enabled ERG to consolidate its position in the German onshore wind power market, with installed power of 216 MW.

In January 2018, ERG and Total Marketing Services sold 100% of the shares of TotalErg, a company active in the distribution of petroleum products and in refining. The scope of the transaction comprised approximately 2,600 network service stations, the Rome logistical hub and 25.16% of the Trecate refinery.

This transaction followed the sale by ERG to the Total group of its own interest (51%) in the new company (Total Italia S.r.l.) to which the business unit relating to the lubricants sector previously managed by TotalErg was transferred. In addition, TotalErg had already completed, in August 2017, the sale to an investment fund managed by Ambianta SGR S.p.A. and to Aber S.r.l. of the subsidiary Restiani S.p.A., operating in the sector of heat services, and, in October 2017, the sale to UGI Italia of the subsidiary Totalgaz Italia, an LPG marketing company.

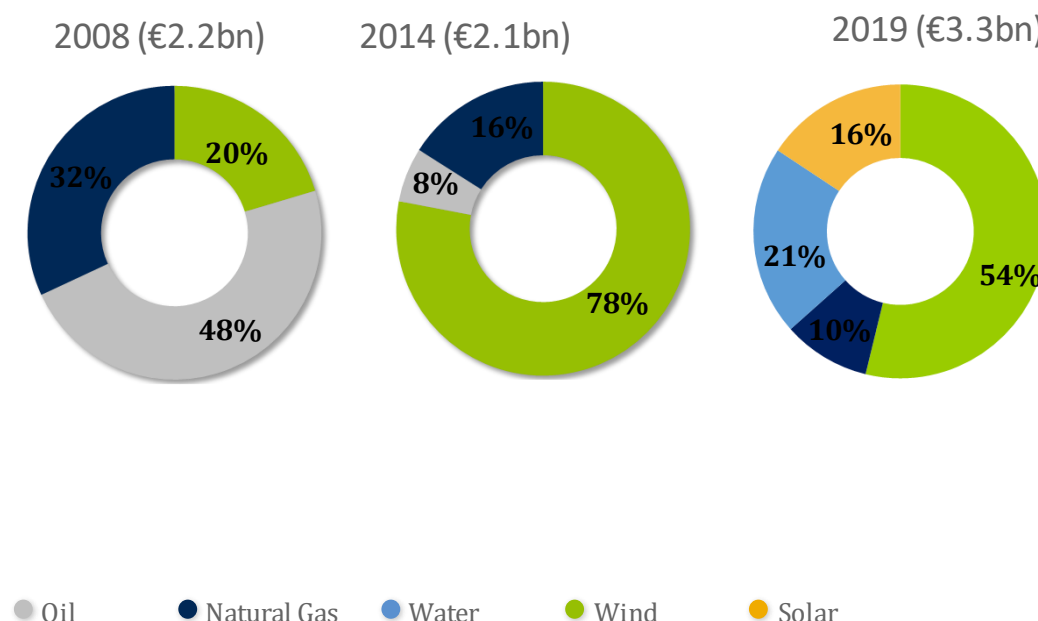
The total sum payable to ERG for the transaction's equity value amounted to EUR 273 million.

This transfer represented the conclusion of a complex transaction marking the ERG Group's definitive exit from the oil industry, further strengthening its financial capacity with a view to continuing its growth path in renewables.

In January 2018, ERG, through its subsidiary ERG Power Generation, completed the acquisition from VEI Green S.r.l., an investment company controlled by PFH S.p.A., an investment holding company, of 100% of ForVei S.r.l. (**ForVei**), the ninth largest photovoltaic operator in Italy with a total installed capacity of 89 MW represented by 30 plants located in 8 regions across Northern and Southern Italy. The transaction's enterprise value amounted to EUR 345 million. The acquisition marked ERG's entry into the solar sector and represented an additional important component in the strategy of technological diversification in electricity generation from renewable sources.

The following graphic demonstrates the transformation of ERG's business profile from a net invested capital perspective, including following the acquisition of a 100% stake in ForVei, from an oil company to a renewable energies producer.

Net invested capital³ in the oil, natural gas, water, wind, and solar energy generation sectors



On 7 March 2018 the Issuer's Board of Directors reviewed and approved the 2018-2022 Business Plan (the **Business Plan**) which seeks to adapt Group programmes to the recent evolution of the regulatory and competitive context in which the Group operates. The five-year plan is focused on overseas expansion and the technological renewal of the Group wind power fleet in Italy. For further information on ERG's Business Plan, see "*—Strategy*" below.

In May 2018, ERG, through its subsidiary ERG Power Generation, acquired the following companies from Impax New Energy Holding Cooperatief W.A.:

- Parc Eolien du Melier S.a.s., owner of an 8 MW wind farm under operation;
- Parc Eolien de la Vallée de Torfou S.a.s., owner of an 18 MW wind farm under construction, scheduled to come on stream by the end of 2018; and
- Epuron Energies Renouvelables S.a.s., which – directly or through other fully owned subsidiaries - owns a pipeline of wind farm projects for approximately 750 MW, at various development stages.

Furthermore, the scope of the transaction included a team of 12 people, with experience in the development of greenfield projects, which supplemented ERG's existing presence in France and took the total headcount to 45 people, comprising technicians assigned to management of the assets and professionals engaged to maximise the installed capacity.

The total consideration of the acquisition, in term of Enterprise Value, amounted to EUR 57 million. The relevant agreement, insofar as it concerns the pipeline, also provides for an "earn-out" mechanism in favour of the seller for a total of approximately EUR 5 million.

With this acquisition, the Group has expanded and is stepping up its organic growth path in accordance with the targets set in the Business Plan.

³ Adjusted net financial indebtedness and the adjusted net invested capital are represented net of the effects deriving from the application of IFRS 16, therefore excluding the recognition of right of use assets and lease liabilities of approximately EUR 78 million on net financial indebtedness and of EUR 77 million on net invested capital at 31 December 2019.

In February 2019, the Issuer, through its subsidiary ERG Solar Montalto S.r.l. completed the acquisition from Soles Montalto GmbH, of a 78.5% stake in Perseo S.r.l., 100% owner of Andromeda PV S.r.l., a company that in turn manages two photovoltaic power facilities with an overall installed capacity of 51.4 MW.

The plants are located at Montalto di Castro (Lazio region). The facilities, equipped with Sun Power technology and monoaxial tracker, typically came on stream in the fourth quarter of 2010 and are eligible for a feed-in premium for a period of 20 years until 2030.

The transaction's enterprise value amounts to approximately Euro 220 million, reflecting the acquired quota's equity value of Euro 96 million and the net financial position of Perseo S.r.l. which, at 31 December 2018, was of Euro 124 million.

Under this transaction, Soles Montalto GmbH will remain a minority quotaholder, based on a quotaholders' agreement granting ERG complete industrial control of the asset and its full consolidation.

This acquisition allowed ERG to become one of the five leading photovoltaic operators in Italy, with over 140 MW of installed power, and to achieve the plan objectives ahead of schedule with high quality assets.

For further information on ERG's current operations, see "*Business of the ERG Group*" below.

3. RECENT SIGNIFICANT TRANSACTIONS

3.1 Acquisition of three wind farms in France for a total capacity of 38 MW

In February 2020, through its subsidiary ERG Eolienne France SAS, the Issuer, acquired a 100% equity stake in five companies incorporated under French law, owners of three wind farms located in the French regions of Hauts de France, Centre - Vallée de la Loire and Nouvelle Aquitaine.

The wind farms, which have an overall installed capacity of 38 MW, came on stream between 2010 and 2012. For a period of 15 years, starting from the commercial operation date, the plants are entitled to benefit from an overall incentive tariff, which in 2019 averaged about 91 Euro/MWh.

The purchase price in terms of Enterprise Value amounted to around 40 million Euro. The transaction has been approved by the French Ministry for the Economy and Finance.

3.2 Acquisition of a project to construct a wind farm in Poland

In March 2020, through its subsidiary ERG Power Generation S.p.A. and following the successful outcome of the auction on 5 December 2019, the Issuer finalised the acquisition of a 100% equity stake in Laszki Wind Wp. Z.o.o., the owner of authorisations for the construction of a 36 MW wind farm in South East Poland. The project, in respect of which the Issuer already had an option to purchase, in the last auction was awarded a feed-in tariff for a period of 15 years. The wind farm is expected to come on stream by the end of 2021. The overall investment for construction of the wind farm, including the price paid to acquire the building permits, amounts to approximately Euro 48 million.

3.3 Approval of the results as of 31 March 2020

On 13 May 2020, the Issuer's Board of Directors approved the results as of and for the three months ended 31 March 2020. Certain aspects of the Director's Report as at 31 March 2020 are incorporated by reference in this Base Prospectus. See "*Documents Incorporated by Reference*".

3.4 Fitch Issuer Default Rating Affirmation

On 14 May 2020 – Fitch Ratings has affirmed ERG S.p.A.'s Long Term Issuer Default Rating (IDR) at BBB- with stable outlook, and senior unsecured rating at BBB-.

This affirmation reflects above all the Group's robust business profile, with quasi-regulated activities averaging 70%-75% of consolidated EBITDA. The affirmation of Fitch's rating is supported by a diversified and clean asset base, proven resilience in the current tough market environment, also due to the effective application of the Group's hedging policy, in the absence of exposure to supply, and a business model oriented towards ESG issues. The rating also considers ERG's ability to manage the effects associated with the COVID-19 pandemic and reiterated positive track record with regard to management. As provider of an essential service, ERG has ensured business continuity in the absence of criticality and continued to maintain its objective of 3.6 GW of installed capacity by 2022.

4. GROUP STRUCTURE

Organisational Structure of the ERG Group

For a description of the structure of the ERG Group as of 31 March 2020, see page 9 of the Director's Report at 31 March 2020, incorporated by reference in this Base Prospectus, for the graphic entitled: "Line-by-line Consolidation Scope at 31 March 2020".

5. BUSINESS OF THE ERG GROUP

5.1 Introduction

ERG operates, including through its subsidiaries, as a leading independent operator in the production of energy from renewable sources, differentiated by non-programmable sources (wind and solar) and programmable sources (thermoelectric and hydroelectric).

As of the date of this Base Prospectus, in the wind market the ERG Group is the leader in the Italian industry and has a prominent position abroad, especially in France and Germany. Furthermore, it is among the leading operators active in the production of energy from water and solar sources in Italy and is also active in high-efficiency, low-environmental impact heat production in the thermoelectric sector with a CCGT modulable and high-output co-generative plant. The ERG Group is also a key player in the energy markets directly involved in energy management activities.

The following tables show the main income statement, financial and operating data for the years ended 31 December 2019 and 2018.

(EUR million)	For the year ended 31 December	
	2019	2018
Main Income Statement data		
Revenues	1,022	1,024
Adjusted Revenues	1,022	1,027
EBITDA	496	480
EBITDA adjusted	504	491
EBIT	190	206
EBIT adjusted	205	216

Profit for the period	33	133
“Profit Attributable to the owners of the parent”	32	133
“Profit Attributable to the owners of the parent” adjusted	104	107

	For the year ended 31 December	
	2019	2018
Main Financial data		
Net invested capital	3,340	3,172
Adjusted Net invested capital	3,264	3,172
Shareholders’ Equity	1,786	1,829
Net financial indebtedness ⁴	1,554	1,343
Adjusted Net financial indebtedness	1,476	1,343
of which non-current Project Financing	812	1,178
Financial leverage ⁵	45%	42%
EBITDA Margin % ⁶	49%	48%

		For the year ended 31 December	
		2019	2018
Operating data			
Installed capacity at period end - wind farms	MW	1,929	1,822
Electric power generation from wind farms	millions of KWh	4,000	3,464
Installed capacity - thermoelectric plants	MW	480	480
Electric power generation from thermoelectric plants	millions of KWh	2,504	2,151
Installed capacity at period end - Hydroelectric plants	MW	527	527
Electric power generation from hydroelectric plants	millions of KWh	1,229	1,740
Installed capacity - solar plants	MW	141	90
Electric power generation from solar plants	millions of KWh	226	130
Total sales of electric power	millions of KWh	15,121	13,627
Investments	millions of Euro	432	510
Employees at the period end	Unit	754	737

⁴ The amount of Net Financial indebtedness is traced with Net Financial indebtedness in the table incorporated in the Base Prospectus in paragraph “Presentation of financial and other information” at page 40 with the exclusion of positive fair value ERG S.p.A derivative financial instruments.

⁵ Financial leverage is calculated by comparing total adjusted net financial liabilities (including Project Financing) and the adjusted net invested capital.

⁶ EBITDA margin % is calculated by comparing the EBITDA adjusted and the Adjusted Revenues.

The following tables shows the EBITDA Breakdown for the years ended 31 December 2019 and 2018.

	For the year ended 31 December	
EBITDA Break down per business/ country	2019	2018
<i>(EUR Million)</i>		
Wind Italy	191	195
Wind Europe	110	79
<i>Germany</i>	<i>31</i>	<i>22</i>
<i>France</i>	<i>47</i>	<i>30</i>
<i>Poland</i>	<i>15</i>	<i>10</i>
<i>Bulgaria</i>	<i>8</i>	<i>8</i>
<i>Romania</i>	<i>10</i>	<i>7</i>
<i>UK</i>	<i>(1)</i>	<i>3</i>
Solar	63	32
Thermoelectric	69	53
Hydroelectric	87	146
Corporate	(16)	(15)
EBITDA adjusted	504	491

	For the year ended 31 December	
EBITDA Break down incentivised vs merchant	2019	2018
<i>%</i>		
Incentivised	70%	67%
PPA/TEE	10%	8%
Merchant	20%	25%

Incentivized: refers to EBITDA generated by plant with production eligible for incentive (FiT/FiP) revenues.

Wind assets EBITDA with incentive in place have been considered 100% as Incentivised EBITDA until incentive expiry date, afterwards such plants EBITDA have been considered 100% as Merchant EBITDA.

Solar assets EBITDA have been considered 100% as Incentivised EBITDA since incentive expiry date falls not before 2029.

Hydro assets Incentivised EBITDA has been calculated proportionally to the production eligible for FiP incentive over the total Hydro assets production.

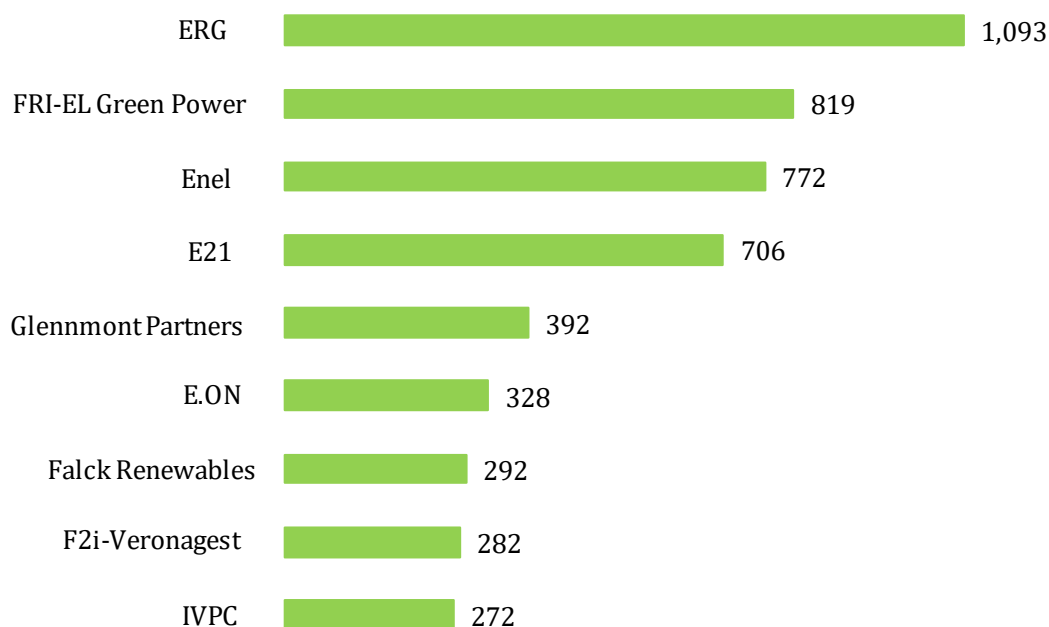
PPA/TEE: refers to the sum of (i) EBITDA coming from long term off-take agreements with Priolo site customer and (ii) EBITDA eligible for TEE incentives thanks to co-generative status of the plant.

Merchant: refers to EBITDA generated by those plants not eligible for incentives or with incentives already expired.

For a description of the Alternative Performance Measures set out in this paragraph see the section "*Important Notice - Presentation of financial and other information*" of this Base Prospectus.

5.2 ERG Group Wind positioning in Italy

The table below shows ERG's leadership in wind industry in Italy, being the largest player in the industry in terms of installed capacity in MW.

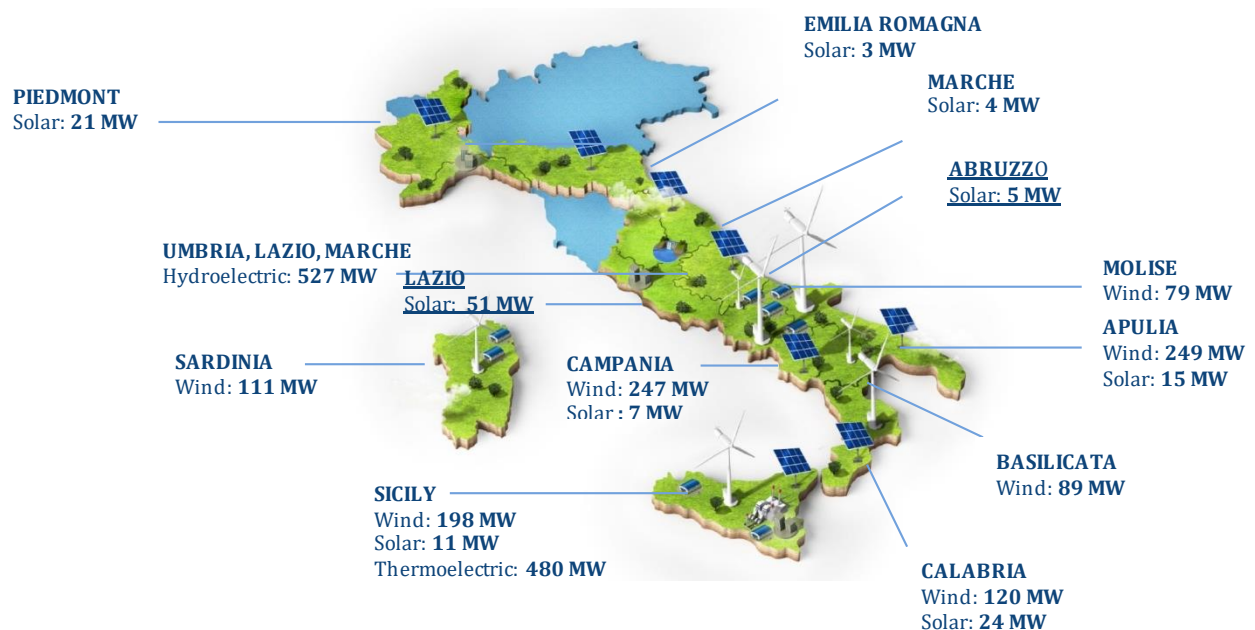
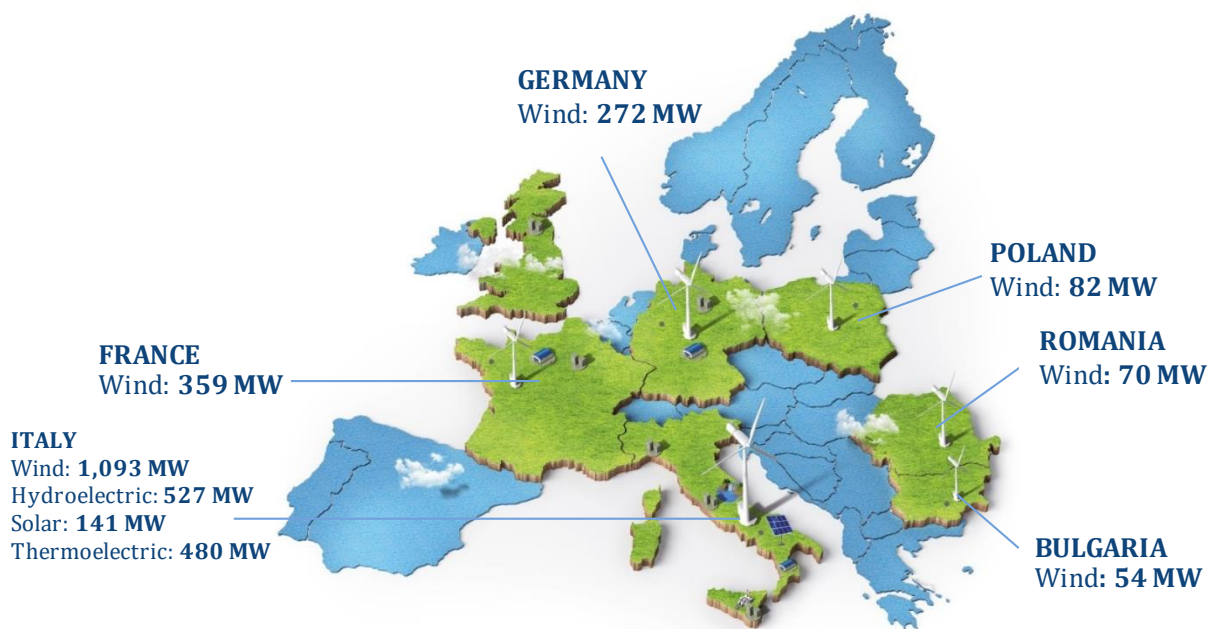


Data refers to 2019 year end installed capacity in MW

Source: 2019 ANEV (Italian Wind Energy Association) annual report and companies public available data

5.3 Business sectors

As at the date of this Base Prospectus, the ERG Group operates, directly and/or indirectly through its subsidiaries, in the electric power generation sector using non-programmable sources (wind and solar power) and programmable sources (hydroelectric power and thermoelectric power). Diagrams showing the geographical location of the Group business segments in Europe and Italy as at 31 December 2019 as well as the MW of installed power in each location are below.



(a) Wind Power

ERG operates in the generation of electricity from wind sources, with 1,929 MW of installed power at 31 December 2019. ERG is the leading wind operator in Italy (Source: *Autorità di Regolazione per Energia Reti e Ambiente*) and among the leading onshore wind operators active in Europe.

The ERG Group operates in the wind sector through its wholly-owned subsidiary ERG Power Generation and its subsidiaries. The wind farms are mainly concentrated in Italy (1,093 MW), however, ERG also has an expanding presence abroad with 836 MW operational across Europe. In particular, ERG has a presence in France (359 MW) and Germany (272 MW) with smaller operations in Poland (82 MW), Romania (70 MW) and Bulgaria (54 MW).

(b) Solar Power

As from January 2018, ERG is active in the generation of electricity from solar sources, with an installed capacity of 141 MW, through 33 photovoltaic plants which became operative between 2010 and 2011 and are located in 9 regions between the North, Center and the South of Italy.

All solar assets benefit from incentive on the energy generated expiring not before than 2029.

Thermoelectric Power

The ERG Group operates in the generation of electricity from thermoelectric sources through ERG Power S.r.l. which owns the 480 MW CCGT plant known as "Centrale Nord" at the Priolo Gargallo industrial site in Sicily. The plant is a high-output co-generation plant, based on the most recent combined cycle technology using natural gas along with other ancillary plants, for the production of electricity.

Thanks to the co-generation nature of the plant, the CCGT plant benefits from a dedicated incentive scheme that will expire in December 2020.

Hydroelectric Power

The ERG Group operates in the generation of electricity from hydroelectric sources through ERG Hydro, a newly-formed company, which owns and operates the hydroelectric business segment acquired from E.ON Produzione at the end of 2015.

ERG Hydro has a generation facility comprising 16 hydroelectric plants, 7 dams, 3 reservoirs and a pumping station with a total installed operating capacity of 526.5 MW. The facilities are located in central Italy, with the majority being located in the Umbria region (with a capacity of 468.8 MW), followed by the Lazio region (with 57.5 MW of capacity) and the Marche region (with 0.2 MW of capacity).

From 1 January 2016, electricity generated by the plants of Galletto Monte S. Angelo, Preci, Triponzo, Ponte Sargano, Monte Argento, Narni, Nera Montoro-Stifone branch, Baschi and Alviano, which qualify as "*IAFR – Impianto Alimentato da Fonti Rinnovabili* (Plant Powered by Renewable Sources)" (**IAFR**) benefit from an incentive in the form of a feed-in premium for the remaining period of entitlement as a replacement for Green Certificates.

The hydroelectric plant of Cotilia, Salto branch, was granted the right to recognition of the Green Certificates for electricity generated starting from 22 October 2009 (being the date of completion of renovation works on the plant) and of feed-in premiums from 1 January 2016, following recognition by the National Grid Operator (**GSE**) of its IAFR qualification.

The plants of Altolina, Cervino, Corbara, Cotilia (Canetra branch), Ponte Sargano, Sersimone, Sigillo and Triponzo benefit from dedicated withdrawal for the production of energy.

The plants of Cotilia (Peschiera branch) and Visso benefit from the feed-in tariff for energy generated from renewable sources further to Ministerial Decree 6/7/2012.

The Hydro assets have an incentive weighted residual average life of 6 years.

Concessions

Concessions to utilise public water for hydroelectric use are under regional or provincial responsibility (depending on the type and location of the relative plant), following decentralisation of the administrative responsibilities in terms of management of government-owned water resources.

ERG Hydro owns the concessions on a number of branches of public waters, located in the Lazio, Marche and Umbria regions, which are used as the source for production of electricity by hydroelectric plants.

The current concessions are valid until 2029 (Legislative Decree no. 79 of 16 March 1999, Article 12, paragraph 6) for all branches used by the hydroelectric plants, except for the one relative to the Corbara plant, which expires on 31 December 2035.

Each concession is accompanied by a "concession regulation" that sets out the rules governing the concession and sets the maximum and average quantity of water than can be withdrawn. The average value is used, based on the usable head, to determine the nominal power.

Concessions for the use of public waters are subject to the payment of government rents, watershed rents and coastal rents.

6. STRATEGY

On 7 March 2018 the Issuer's Board of Directors reviewed and approved the Business Plan which is focused on growth in foreign markets and the technological renewal of the windfarms in Italy. The objectives for the Business Plan are as follows:

- 1) to increase the generation portfolio via three channels:
 - a) *Greenfield and Co-Development*: expansion by way of organic growth and/or co-development agreements in wind power as regards France, Germany and the United Kingdom which offer a high wind power potential combined with regulatory stability. The objective is to pave the way for sustainable greenfield growth over time by implementing a local organisational structure capable of ensuring the Group's long-term expansion;
 - b) *Repowering and Re-blading in Italy*: interventions concerning wind farms with obsolete technology (turbines having a capacity of less than one MW) and at the end of their incentive period acquired in 2013 from Gaz de France but characterised by good wind conditions and therefore higher profitability. In particular, as to Italy, ERG plans to carry out interventions on wind farms that have terminated or are soon to leave the incentive system, which have technologically obsolete turbines. On the strength of its industrial know-how, the Group is ready to renew its wind power fleet with the dual result of significantly increasing installed capacity and expanding the horizon of the plants' useful life; and
 - c) *M&A*: growth overseas in wind power in target countries and as to solar energy in Italy, drawing on industrial experience acquired and the synergies deriving from consolidation of our portfolio. In particular, investments will be carried out with a view to supporting growth in the target countries, above all during the first three years of the Business Plan; and
- 2) focus on operating efficiency both through insourcing of operation and maintenance, which has been completed in Italy and is underway in France and Germany, and via the development of predictive maintenance, aimed at enhancing availability of the plants and extending their useful life.

Over the course of the Business Plan period, the Group aims to continue to enhance Energy Management activities which, with the entry into the solar power sector, can rely on a portfolio that is increasingly more ample, technologically diversified and balanced. Moreover, the unitary and integrated management of the energy portfolio intends to enable an improved control of the risks associated with individual businesses.

7. SHAREHOLDER STRUCTURE

7.1 Major Shareholders

As at the date of this Base Prospectus, the ERG Group voting share capital is held by shareholders of ERG Group as set out in the table below:

Significant equity investments

Declarant	Direct shareholder	% ordinary share capital	% voting share capital
San Quirico S.p.A.	San Quirico S.p.A.	55.628	55.628
	Polcevera S.r.l.	6.905	6.905

ERG is a subsidiary of San Quirico S.p.A., which is in a position to nominate for appointment the majority of ERG's Board of Directors. The Board of Directors of ERG has adopted a specific internal resolution to ensure the transparency and the substantial and procedural correctness of transactions with related parties carried out by ERG directly or through its subsidiaries.

The Extraordinary Shareholders' Meeting, held on 21 April 2020, approved – upon proposal of the shareholder San Quirico S.p.A. – the amendment to Article 10 of the Articles of Association, with a view to introducing a mechanism to increase voting rights, as set forth and permitted by Article 127-quinquies of the Consolidated Finance Act. The Board of Directors will therefore be required to draw up a special list as set forth by Article 143-quater of the Issuers' Regulation and to adopt rules for the management thereof, with a view to regulating, *inter alia*, the procedures for being registered in the list and for its keeping and updating in accordance with applicable legislative and regulatory provisions and best market practices, and in any case such as to ensure the timely exchange of information between shareholders, issuer and intermediaries.

7.2 Dividends

In 2019, ERG paid EUR 112.4 million in dividends, compared to EUR 171.1 million in 2018. In 2020 ERG paid EUR 111.7 million in dividends (EUR 0.75 per share).

8. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

8.1 Board of Directors

The Shareholders' Meeting of 23 April 2018 appointed the current Board of Directors, comprising twelve members, in compliance with the gender balance criterion prescribed by current laws and regulations. Unless their office is terminated before then, for any reason, all members will therefore remain in office until the Shareholders' Meeting convened to approve the financial statements as at 31 December 2020.

The responsibilities of the Board of Directors include, *inter alia*, approving the periodic financial reports, defining the strategic guidelines, the fundamental aspects of the organisational structure and the corporate governance system and also resolving on significant transactions and assessing the company's performance.

In its meeting of 2 August 2019, the Board of Directors appointed Paolo Luigi Merli as General Manager with the title "*Corporate General Manager & CFO*".

The table below sets out certain information regarding the members of the Board of Directors of ERG as at the date of this Base Prospectus.

Composition of the Board of Directors

Director	Office	Role
Edoardo Garrone	Chairman	Executive
Alessandro Garrone	Deputy Chairman	Executive
Giovanni Mondini	Deputy Chairman	Non-Executive
Luca Bettonte	Chief Executive Officer	Executive
Massimo Belcredi	Director	Independent (pursuant to the Consolidated Finance Act)
Mara Anna Rita Caverni	Director	Independent (pursuant to the Corporate Governance Code)
Barbara Cominelli	Director	Independent (pursuant to the Corporate Governance Code)
Marco Costaguta	Director	Non-Executive
Paolo Francesco Lanzoni	Director	Non-Executive
Silvia Merlo	Director	Independent (pursuant to the Corporate Governance Code)
Elisabetta Oliveri	Director	Independent (pursuant to the Corporate Governance Code)
Mario Paterlini	Director	Independent (pursuant to the Corporate Governance Code)
General Manager		
Paolo Luigi Merli		Corporate General Manager & CFO and Manager responsible for preparing the Company's financial reports

The members of the Board of Directors are elected on the basis of lists presented by shareholders on which the candidates must be listed in sequential number. For the appointment of Directors, two lists of candidates were presented, one by the shareholder San Quirico S.p.A. and the other by investors. Of the twelve directors, eleven members (of which six were independent) were appointed from the list of candidates put forward by San Quirico S.p.A. and one member was appointed from the list of candidates put forward by investors as an independent director.

The following table sets out the current members of the Board of Directors of ERG and the main positions held by them outside the ERG Group as at the date of this Base Prospectus.

Name	Position	Main positions held outside the ERG Group
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Edoardo Garrone	Executive Chairman	Chairman of the Board of Directors of San Quirico S.p.A. Chairman of the Board of Directors of Il Sole 24 Ore S.p.A.
Alessandro Garrone	Executive Deputy Chairman	Banca Passadore e C. S.p.A Board Member
Giovanni Mondini	Deputy Chairman	Deputy Chairman of the Board of Directors of San Quirico S.p.A.
Massimo Belcredi	Independent Director	BPER Banca S.p.A. Board Member
Mara Anna Rita Caverni	Independent Director	Atlantia S.p.A. Board Member Cerved Group S.p.A. Board Member
Marco Costaguta	Director	Antares Video S.r.l. Board Member OTB S.p.A. Board Member Goglio S.p.A. Board Member Rimorchiatori Riuniti S.p.A. Board Member Fine Foods S.p.A. Board Member
Paolo Francesco Lanzoni	Director	Castello S.G.R. S.p.A. Board Member San Quirico S.p.A. Board Member
Silvia Merlo	Independent Director	GEDI Gruppo Editoriale S.p.A. Board Member Chief Executive Officer of Merlo S.p.A. Leonardo S.p.A. Board Member San Lorenzo S.p.A. Board Member
Elisabetta Oliveri	Independent Director	TREVI - Finanziaria Industriale S.p.A. Board Member Fincantieri S.p.A. Board Member Chairman of the Board of Directors of SAGAT S.p.A. Board Member

Mario Paterlini

Independent Director

Buzzi Unicem S.p.A. Board Member

As at the date of this Base Prospectus there are no potential or existing conflicts of interest between the duties to the Issuer of the members of the Board, and their private interests and/or other duties.

The business address of each of the members of the Board of Directors is via De Marini 1, 16149 Genoa, Italy.

8.2 Statutory Auditors

In accordance with the Articles of Association, the Board of Statutory Auditors is composed of three standing auditors and three alternate auditors in compliance with the gender balance criterion prescribed by current laws and regulations. The Statutory Auditors may hold other positions as directors or regular auditors within the limits prescribed by laws and regulations. Following their appointment to the Board of Statutory Auditors at the Shareholders' Meeting on 17 April 2019, the current Board of Statutory Auditors shall expire on the date of the Shareholders' Meeting convened to approve the financial statements as at 31 December 2021.

For the appointment of the Board of Statutory Auditors, two lists of candidates were presented, one by the shareholder San Quirico S.p.A. and the other by institutional investors. Four candidates were appointed from the list of candidates put forward by San Quirico S.p.A., including Lelio Fornabaio and Fabrizio Cavalli as standing auditors and Vincenzo Campo Antico and Luisella Bergero as substitute auditors. Two candidates were chosen from the list put forward by institutional investors, namely Elena Spagnol as Chairman and Paolo Prandi as substitute auditor.

8.3 Independent Auditors

The current independent auditors of ERG are KPMG S.p.A. (**KPMG**), with registered office at Via Vittor Pisani 25, 20124 Milan, Italy. KPMG is registered with the Companies' Register under Fiscal Code 00709600159.

The Independent Auditors' current appointment was conferred for the period 2018-2026 by the Shareholders' Meeting held on 23 April 2018 and will expire on the date of the Shareholders' Meeting convened to approved ERG's financial statements for the financial year ending 31 December 2026.

8.4 Committees

(a) Board Committees

Under the authority conferred on it by ERG's by-laws, the Board of Directors has deemed it appropriate to establish specific committees and to determine their powers and the rules for their functioning (**Board Committees**). Such committees have a consultative and advisory role.

As at the date of this Base Prospectus, the following Board Committees have been created:

- **Control and Risk Committee** – assists the Board of Directors in decisions relating to the Internal Control and Risk Management System (*Sistema di Controllo Interno e Gestione dei Rischi*) and the approval of periodic financial reports pertaining to Group Governance as well as fulfilling its obligations pursuant to Legislative Decree 231/01. In accordance with the Corporate Governance Code, the current Control and Risk Committee is comprised of three non-executive mostly independent directors, appointed by the Board of Directors during the meeting on 23 April 2018;
- **Nominations and Remuneration Committee** – advises and makes recommendations to the Board of Directors regarding the remuneration of Directors with powers or specific duties and the definition of

remuneration policies and incentive plans for Group management, as well as fulfilling its obligations under the Corporate Governance Code for the Remuneration Committee. In accordance with the Corporate Governance Code, the current Nominations and Remuneration Committee is comprised of three non-executive mostly independent directors, appointed by the Board of Directors during the meeting on 23 April 2018;

- **Strategic Committee** – assists the Chief Executive Officer and the Board of Directors in defining strategic business and portfolio guidelines, guidelines and policies on strategic finance, decisions relating to long-term strategic plans as well as the Group's investment budgets and significant investments. The Strategic Committee currently consists of the Executive Deputy Chairman, the Non-Executive Deputy Chairman, the Chief Executive Officer, the General Manager, one non-executive director and one independent director.

(b) Internal Committees

In addition to the above-mentioned Board Committees, the Group also has the following internal committees – non-Board Committees – which are aligned with the Group's organisational structure and composed of Group Managers.

- **Human Capital Committee** – defines and monitors the main human capital development programmes and activities; provides support in decisions relating to strategies that determine the value of the human capital of ERG monitors the effective implementation of the Human Rights Policy and manages reports relating to non-compliance thereof;
- **Sustainability Committee** – defines the Group's sustainability guidelines, promotes the implementation of consistent practices in the field of corporate social responsibility, approves, monitors and evaluates sustainability objectives and priority areas for action relating to corporate social responsibility and approves the time frames and communication methods of the Non-Financial Statement and corporate social responsibility initiatives;
- **Investment Committee** – provides support in assessing investment proposals by the Group and expresses a technical, economic and financial opinion at various stages in the investment process approval;
- **Risk Committee** – provides support in defining strategies and policies for the management of financial and market risks, provides the information required to authorise financial and market risk management operations and monitors the execution of significant transactions and verifies their effects;
- **Management Committee Running** – monitors the economic, financial and industrial results of the Group through standardised reporting and control models; follows development in the reference institutional and regulatory framework, sharing growth trends, opportunities and risks, monitors activities and projects in the context of domestic and foreign institutional relations.
- **Management Committee Business Development** – monitors the relevant projects of the Group in the specific area of Business Development, supporting the relative Project Leader, ensuring also the alignment of all Organisational Units as regards priorities and guaranteeing consistency with the decisions of the Investment Committee, analyses business development opportunities both in terms of geographical expansion and technological diversification.
- **Management Committee Engineering Development** – monitors the relevant projects of the Group in the specific area of Engineering Development, supporting the relative Project Leader, ensuring also the alignment of all Organisational Units as regards priorities and guaranteeing consistency with the decisions of the Investment Committee, analyses business development opportunities both in terms of geographical expansion and technological diversification.

- **Credit Committee** - grants credit facilities, analyses deadlines and collection performance, assesses and verifies past-due recovery plans, assesses credit performance.

8.5 Employees

As at 31 December 2019, ERG had approximately 754 employees (compared to approximately 737 employees at 31 December 2018).

9. HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION

9.1 Introduction

ERG intends to carry out its business activities in an environmentally-friendly manner with a view to safeguarding the internal and external stakeholders with whom it interacts. In line with the principles and guidelines set out in its Code of Ethics and its Sustainability Policy, ERG therefore encourages the adoption of environmentally friendly and energy efficient technologies and ensures that health, safety and environmental concerns are central to the long-term planning process and the implementation of the Group's strategic guidelines.

9.2 Environmental Protection

In order to reduce and offset greenhouse gases and to respect European sustainability targets, ERG has, for several years, pursued a long-term strategy based on the development of renewable sources, the promotion of energy efficiency, the use of the best techniques available for ensuring a constant reduction in emissions, and the use of fuels with low carbon content (natural gas) to reduce atmospheric pollution.

According to the Issuer's internal data, the Group has avoided emitting more than 15 million tonnes of carbon dioxide in the period from 2008 to 2019.

9.3 Health and Safety

In accordance with ERG's Code of Ethics, protecting persons' health and safety has long characterised the ERG Group's culture and been central in the implementation of the Group's strategic guidelines. In order to implement the Group's health and safety policy, ERG ensures its staff's awareness and active participation in day-to-day management. The main aim of the ERG Health and Safety policy is to ensure that workers (both internal and external) cooperate and share common goals in order to reduce and find solutions to health and safety issues.

As part of this process, ERG aims to constantly inform, train and involve people by incentivising those who reduce risks for workers' health and safety or those who promote ideas for further improvement. The ERG Group adopted an integrated management system for health, safety and environment based on OHSAS 18001 and ISO 14001 standards, the transition to the safety standard ISO 45001 is in progress and will be finalized within 2020. This system is also certified according to international rules. Moreover, with respect to thermoelectric and hydroelectric assets ERG group joined, on a voluntary basis, the European Regulation 1221/2009 and 1505/2017 EMAS (Environmental Management & Audit Scheme), that requires the organizations to provide the public and other interested parties with information on its environmental management, based on criteria of transparency and respect for the environment. The regulation implies the publication of the annual report public available (so called "Environmental Declaration") published on the Issuer's website under the "*sustainability*" section.

10. FUNDING STRUCTURE

10.1 Adjusted Financial Indebtedness

(a) Adjusted Net financial indebtedness

As at 31 December 2019, ERG had a consolidated adjusted net financial indebtedness of EUR 1,476 million, (EUR 1,556 million reported net financial indebtedness), net of the liability linked to the discounting of future lease payments, following the application of IFRS 16.⁷

(b) Medium/long-term mortgages and loans

As at 31 December 2019, ERG had a medium and long-term loan portfolio totalling EUR 1,265 million (of which EUR 676 million represents Non-current loans and borrowings and EUR 597 million represents the Issuer's bond issue in 2019, and excluding the accrued interest expenses). Excluding the effects of the amortised cost, under which the loans are presented net of commission costs and the effect of IFRS 9 application due to renegotiation of loans, the "face value" of such non current financial liabilities amounts to EUR 1,282 million, that includes:

- four bilateral corporate loans with Mediobanca S.p.A. (EUR 150 million) expiring in 2023, UBI Banca S.p.A. (EUR 100 million) expiring in 2021⁸ and with UniCredit S.p.A. (EUR 75 million) expiring in 2022, Commerzbank (EUR 60 million) expiring in 2024;
- an issuance of notes (EUR 100 million) in July 2017, maturing in 2023, which has a 2.175% fixed rate coupon;
- a corporate loan with Mediocredito Italiano S.p.A. (EUR 57 million) expiring in 2026;
- two Environmental, Social and Governance (ESG) loans executed respectively with Banca Nazionale del Lavoro S.p.A. and Credit Agricole Corporate and Investment Bank, Milan Branch (EUR 240 million) expiring in 2023; and
- a green bond issued by ERG on 11 April 2019 with a maturity date on 11 April 2025 (EUR 500 million), which has a 1.875% fixed rate coupon.

(c) Medium/long-term project financing

As of 31 December 2019, ERG's subsidiaries had a medium and long-term project financing portfolio of EUR 812 million. A table showing the main characteristics of the existing project financing of ERG's subsidiaries as of 31 December 2019 is available in ERG's Consolidated Financial Statements (see "Note 17 – Non-Current Financial Liabilities" of ERG's Consolidated Financial Statements).

(d) Short term financial indebtedness

As at 31 December 2019, ERG had net short-term financial assets of EUR 547 million (see "Note 17 – Net Financial indebtedness") including cash amount of EUR 654 million (EUR 536 million refers to cash and cash equivalent and EUR 118 million for Bank deposits to project financing). Below is a table summarising the net financial position of ERG Group as per "Note 17 to the Consolidated Financial Statement – Net Financial Indebtedness" of ERG's Consolidated Financial Statements.

⁷ Adjusted net financial indebtedness and the adjusted net invested capital are represented net of the effects deriving from the application of IFRS 16, therefore excluding the recognition of right of use assets and lease liabilities of approximately EUR 78 million on net financial indebtedness and of EUR 77 million on net invested capital at 31 December 2019.

⁸ In March 2020, the Issuer and UBI Banca have executed a new agreement for a new facility expiring in March 2023.

(Euro million)	31 December 2019	31 December 2018
Non-current loans/borrowings	676	796
- <i>current portion of loans and borrowings</i>	(8)	(164)
Non-current bonds	604	101
- <i>current portion of Bonds</i>	(7)	(1)
Medium-long terms portfolio	1.265	732
Non-current financial liabilities for the purchase of equity investments	18	17
Non-current financial liabilities	1.283	749
Fair value of hedging derivatives on interest rates	42	88
Non-current project financing	812	1.178
- <i>current portion of Project Financing</i>	(104)	(146)
Lease liabilities	78	-
- <i>current portion of lease liabilities</i>	(7)	-
Net non-current financial position	2.103	1.868
Current loans/borrowings	8	164
Current Project financing	104	146
Current Bonds	7	1
Current bank loans and borrowings	0	20
Other current financial liabilities	2	4
Loan assets with investees	(8)	(8)
Other current loan assets	(14)	(41)
Bank deposits	(536)	(611)
Cash in hand and cash equivalents	0	(0)
Bank deposits related to Project Financing	(118)	(163)
Current lease liabilities	7	-
Net current financial position	(547)	(489)
Net financial indebtedness (as per the illustrative notes of the consolidated financial statements)	1.556	1.379
Receivable from api	-	(36)
Exclusion of impact of IFRS 16	(78)	-
Exclusion of Positive fair value ERG S.p.A. derivative financial instruments	(2)	-
Adjusted net financial indebtedness (as per Director's report accompanying the consolidated financial statements)	1.476	1.343

(e) Capital Expenditure (Investments)

For the year ended 31 December 2019, the total figure of capital expenditure for the ERG Group amounted to EUR 432 million. The breakdown of capital expenditure by business segment for the years ended 31 December 2019 and 2018 is shown in the table below:

Breakdown of Capital Expenditure by business segment

	For the year ended 31 December	
(EUR million)	2019	2018

Non-programmable sources	45	42
Wind power	44	42
Solar	1	0
Programmable sources	21	16
Thermoelectric power	15	8
Hydroelectric power	6	7
Corporate	2	3
Capex	68	61

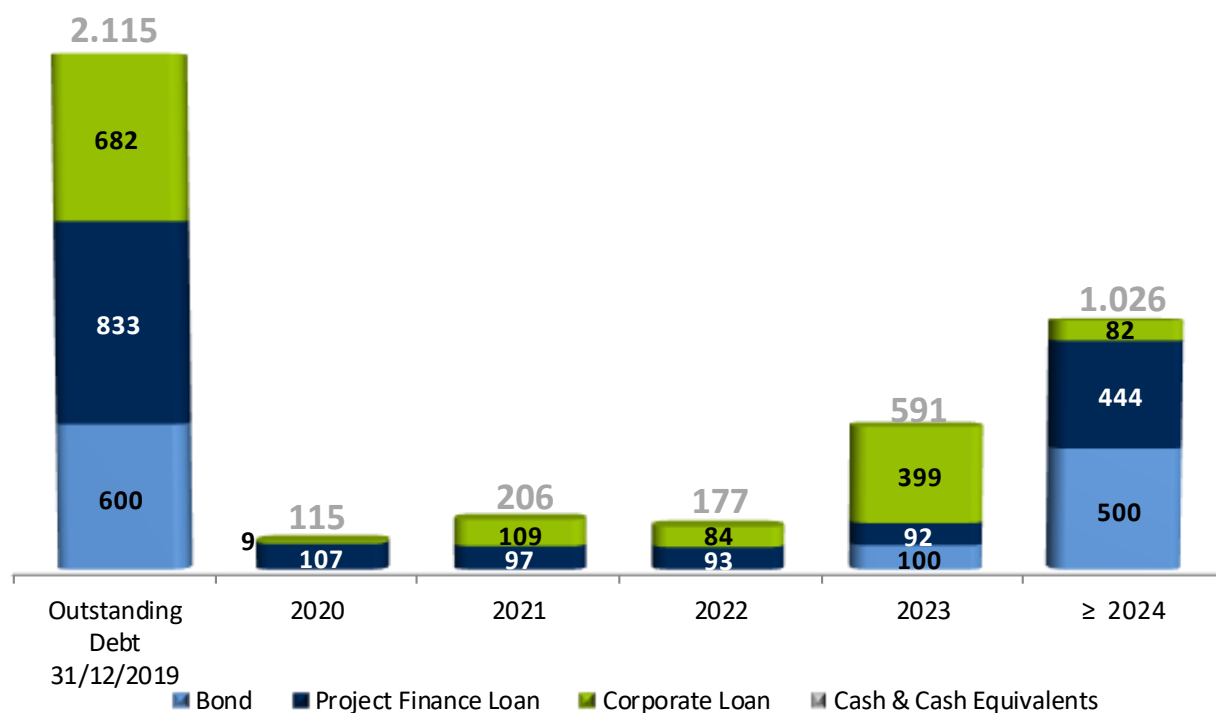
	For the year ended 31 December	
(EUR million)	2019	2018
Non-programmable sources	364	449
Wind power	144	104
Solar	220	345
Programmable sources	-	-
Thermoelectric power	-	-
Hydroelectric power	-	-
Corporate	-	-
Investments for M&A	364	449

	For the year ended 31 December	
(EUR million)	2019	2018
Non-programmable sources	409	491
Wind power	188	146
Solar	221	345
Programmable sources	21	16
Thermoelectric power	15	8
Hydroelectric power	6	7
Corporate	2	3
Capex & M&A (investments)	432	510

For the year ended 31 December 2019, investments totalled EUR 432 million and relate mainly to the acquisition of solar power plants for a capacity of 51 MW in Italy (EUR 220 million), five French wind farms in France (EUR 52 million) and three German wind companies acquired by (EUR 84 million).

ERG Group Debt as of 31 December 2019 and maturities for the coming years

The medium long-term indebtedness including current portion (as of 31 December 2019 face value of EUR 2,115 million, excluding amortised costs, IFRS 9 impact and accrued interest expenses) and the scheduled repayments for the incoming years are reported below.



ERG Group Debt Structure as of 31 December 2019

ERG Group medium long-term indebtedness including current portion (as of 31 December 2019 face value of EUR 2,115 million) consists of:

- corporate loans disbursed at ERG level;
- green bond issued by ERG due in April 2025
- Private placement bond issued by ERG due in January 2023; and
- Medium long-term non-recourse project financing⁹ spread all over the wind assets SPVs and solar assets SPVs.

The following graphic shows the breakdown of indebtedness by business segment.

⁹ Such amount does not include EUR 2 million of accrued interests related to project financing of Andromeda.

Long Term Financial Indebtedness by Business Segment

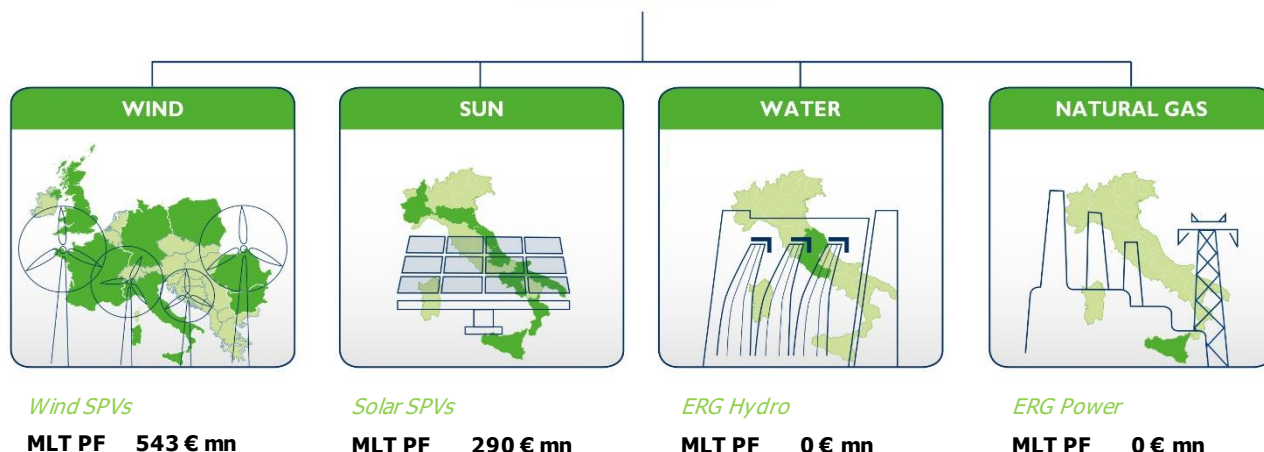
ERG Group

MLT Corporate Loan	682 € mn
Bond	600 € mn
MLT PF Loan	833 € mn



ERG S.p.A.

MLT Corporate Loan	682 € mn
Bond	600 € mn



11. LEGAL PROCEEDINGS

Currently, ERG is a party in civil, administrative and tax proceedings and legal actions connected with the normal course of its operations. ERG has made provisions in 2019 Consolidated Financial Statements and in the Unaudited Interim Financial Data at 31 March 2020 for an aggregate amount of, respectively, Euro 189 million and Euro million 188 (total other current and other non-current provisions). However, on the basis of the available information and considering the liability provisions accrued, it is deemed that these proceedings and actions will not have significant negative effects on ERG. In any case, see the risk factor "Risk Factors – Legal and Regulatory Risks – *“ERG and its subsidiaries are defendants in a number of legal proceedings and may from time to time be subject to further legal proceedings and inspections by the authorities*

It should be noted that ERG records provisions for liabilities and charges when:

- there is a present legal or constructive obligation to third parties;
- it is probable that the use of Group resources will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Changes in estimates are reflected in the income statement in the period in which they occur. When the financial effect of time is significant and the dates of settlement of the obligations can be estimated, the provision is subject to discounting, utilising a discount rate that reflects the current time value of money. The increase in the provision connected to the passing of time is recognised in the income statement under "Financial income (expenses)". When the liability relates to tangible assets (for example, dismantling and restoration of sites), the provision is presented as a contra asset against the asset to which it refers, and recognition in the income statement takes place through the depreciation process.

Significant contingent liabilities, represented by the following, are disclosed in the notes to the financial statements:

- possible (but not probable) obligations arising from past events, the existence of which will be confirmed only upon occurrence of one or more uncertain future events not wholly within the Group's control; and
- present obligations arising from past events the amount of which cannot be reliably estimated, or for which it is probable that settlement will not be onerous.

For information related to the main legal proceedings, see ERG's 2019 Consolidated Financial Statements (in the Note 14 Other Provisions on page 269-271 and Note 20 - Contingent liabilities and disputes, on pages 295 – 309).

12. REGULATION

The ERG Group operates in highly regulated environment.

An overview of the relevant legislative updates is contained:

- in ERG's 2019 Consolidated Financial Statements (in the Director's Report, "Relevant Legislative and Institutional Updates During the Year" at pages 51-63; and
- in ERG's Director's Report as at 31 March 2020 "Relevant legislative and regulatory updates during the period" at pages 31-33, page 36 and page 38.

both incorporated by reference hereto (see "*Documents Incorporated by Reference*" above).

Although this overview contains all the information that as at the date of this Base Prospectus ERG considers material in the context of the Programme, it is not an exhaustive account of all applicable laws and regulations. Prospective investors and/or their advisers should make their own analysis of the legislation and regulations applicable to the ERG Group and of the impact they may have on the ERG Group and any investment in the Notes and should not rely on this overview only. See also "*Risk Factors*" above, including "*Legal and Regulatory Risks*

13. RECENT DEVELOPMENTS

COVID-19 pandemic

The negative economic impact of the COVID-19 pandemic on the ERG Group cannot be adequately determined or reliably quantified as of the date of this Base Prospectus. Particular focus is given to developments in the macroeconomic environment and its impact on electricity, in terms of trends in demand and in electricity and gas prices. The social and economic implications of containing the infection are having an effect on energy price trends, and on the smooth running of the activities of the public administrations and of the industrial and financial operators with which the ERG Group regularly interacts. The ongoing COVID-19 pandemic has also led to a significant overall downturn in electricity demand in all the reference markets, due above all to the restrictions imposed to some parts of the production activities, in ways that differ from country to country. In this context, electricity spot prices have posted significant decreases in all the Group's countries of operation. The ERG Group's management has implemented regular monitoring of the actual and potential impacts of the COVID-19 pandemic on the Group's business operations, financial situation and economic performance.

TAXATION

The statements herein regarding Italian taxation are based on the laws in force as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes. This summary will not be updated to reflect changes in laws and if such a change occurs the information in this summary could become invalid.

REPUBLIC OF ITALY

Tax treatment of Notes issued by the Issuer

Legislative Decree No. 239 of 1 April 1996, as subsequently amended (**Decree No. 239**) sets out the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as **Interest**) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by Italian companies listed on an Italian regulated market. The provisions of Decree No. 239 only apply to those notes which qualify as bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented (**Decree No. 917**). For these purposes, bonds and debentures similar to bonds (*titoli similari alle obbligazioni*) are defined as securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value (with or without internal payments) and that do not give any right to directly or indirectly participate in the management of the Issuer or to the business in relation to which the securities are issued nor any type of control on the management.

Italian resident Noteholders

Pursuant to Decree No. 239, where the Italian resident holder of the Notes, who is the beneficial owner of such Notes, is:

- (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected unless he has entrusted the management of his financial assets, including the Notes, to an authorised intermediary and has opted for the so called "*regime del risparmio gestito*" (the **Asset Management Regime**) according to Article 7 of Italian Legislative Decree No. 461 of 21 November 1997, as amended (**Decree No. 461**); or
- (b) a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership), or a *de facto* partnership not carrying out commercial activities or professional association; or
- (c) a private or public institutions (other than companies), a trust not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or
- (d) an investor exempt from Italian corporate income taxation,

Interest payments relating to the Notes are subject to a tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent. (either when Interest is paid or when payment thereof is obtained by the holder on a sale of the Notes). All the above categories are qualified as "net recipients".

Where the resident holders of the Notes described above under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, *imposta sostitutiva* applies as a provisional income tax. Interest will be included in the relevant beneficial owner's Italian income tax return and will be subject to

Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals holding the Notes not in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on Interest if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth under Italian law

Pursuant to Decree No. 239, the 26 per cent. *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* (so called **SIMs**), fiduciary companies, *società di gestione del risparmio* (**SGRs**), stock brokers and other qualified entities identified by a decree of the Ministry of Finance (together the **Intermediaries** and each an **Intermediary**). An Intermediary must (i) be (a) resident in Italy, (b) a permanent establishment in Italy of a non-Italian resident Intermediary or (c) an entity or a company not resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree No. 239, and (ii) intervene, in any way, in the collection of Interest or, also as transferees, in transfers or disposals of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant notes or in a change of the Intermediary with which the notes are deposited.

Where the Notes and the relevant coupons are not deposited with an authorised Italian Intermediary (or with a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld by any Italian Intermediary paying Interest to the holders of the Notes or, absent that, by the Issuer.

Payments of Interest in respect of Notes are not subject to the 26 per cent. *imposta sostitutiva* if made to beneficial owners who are:

- (i) Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected;
- (ii) Italian resident partnerships carrying out commercial activities (*società in nome collettivo* or *società in accomandita semplice*);
- (iii) Italian resident open-ended or closed-ended collective investment funds (together the **Funds** and each a **Fund**), investment companies with variable capital (**SICAVs**), investment companies with fixed capital other than real estate SICAFs (**SICAFs**), Italian resident pension funds referred to in Legislative Decree No. 252 of 5 December 2005 (**Decree No. 252**), Italian resident real estate investment funds (**Real Estate Funds**) and Italian real estate investment companies with fixed capital (**Real Estate SICAFs**) subject to the regime provided for by Law Decree No. 351 of 25 September 2001; and
- (iv) Italian resident individuals holding the Notes not in connection with entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised financial Intermediary and have opted for the Asset Management Regime.

Such categories are qualified as "gross recipients". To ensure payment of Interest in respect of the Notes without the application of 26 per cent. *imposta sostitutiva*, gross recipients indicated above under (i) to (iv) above must: (a) be the beneficial owners of payments of Interest on the Notes and (b) deposit the Notes in due time, together with the coupons relating to such Notes, directly or indirectly with an Italian authorised Intermediary (or a permanent establishment in Italy of a foreign Intermediary). Where the Notes and the relevant coupons are not deposited with an Italian authorised Intermediary (or a permanent establishment in Italy of a foreign Intermediary), the *imposta sostitutiva* is applied and withheld by any Italian Intermediary paying Interest to the holders of the Notes or, absent that, by the Issuer.

Gross recipients that are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected are entitled to deduct *imposta sostitutiva* suffered from income taxes due.

Interest accrued on the Notes shall be included in the corporate taxable income (and in certain circumstances, depending on the "status" of the Noteholder, also in the net value of production for purposes of regional tax on productive activities – **IRAP**) of beneficial owners who are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected, subject to tax in Italy in accordance with ordinary tax rules.

Italian resident individuals holding the Notes not in connection with entrepreneurial activity who have opted for the Asset Management Regime are subject to a 26 per cent. annual *imposta sostitutiva* (the **Asset Management Tax**) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). The Asset Management Tax is applied on behalf of the taxpayer by the managing authorised Intermediary.

If the investor is resident in Italy and is a Fund, a SICAV or a SICAF and the relevant Notes are held by an authorised intermediary, Interest accrued during the holding period on such Notes will not be subject to *imposta sostitutiva*, but must be included in the financial results of the Fund, SICAV or SICAF. The Fund, SICAV or SICAF will not be subject to taxation on such result, but a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the **Collective Investment Fund Tax**).

Where a Noteholder is a Real Estate Fund or a Real Estate SICAF, to which the provisions of Law Decree No. 351 of 25 September 2001, Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010, and Legislative Decree No. 44 of 4 March 2014, all as amended, apply, Interest accrued on the Notes will be subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the Real Estate Fund or Real Estate SICAF. Subsequent distributions made in favour of unitholders or shareholders and/or income realized upon redemption or disposal of the units or shares will be subject, in certain circumstances, to a withholding tax of 26 per cent; subject to certain conditions, depending on the status of the investor and percentage of participation, income of the Real Estate Fund or Real Estate SICAF is subject to taxation in the hands of the unitholder or the shareholder, depending on the status and percentage of participation, or, when earned by the fund, through distribution and/or upon redemption or disposal of the units..

Where an Italian resident Noteholder is a pension fund (subject to the regime provided by Article 17 of Decree No. 252) and the Notes are deposited with an Italian resident intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of each tax period, to be subject to the to a 20 per cent. annual *imposta sostitutiva* (the **Pension Fund Tax**) on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes).

Subject to certain limitations and requirements (including minimum holding period), Interest relating to the Notes may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth under Italian law.

Non-Italian resident Noteholders

According to Decree No. 239, payments of Interest in respect of the Notes will not be subject to *imposta sostitutiva* at the rate of 26 per cent. if made to beneficial owners who are non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected provided that:

- (a) such beneficial owners are resident for tax purposes in a State or territory which allows for an adequate exchange of information with Italy as listed in the Italian Ministerial Decree of 4 September 1996, as amended and supplemented by Ministerial Decree of 23 March 2017 and possibly further amended by future decree issued pursuant to Article 11(4)(c), of Decree No. 239 (as amended by Legislative Decree No. 147 of 14 September 2015) (the **White List**). According to Article 11(4)(c) of Decree No. 239, the White List will be updated every six month period. In the absence of the issuance of the

new White List, reference has to be made to the Italian Ministerial Decree dated 4 September, 1996 as amended from time to time; and

- (b) all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are met or complied with in due time.

Decree No. 239 also provides for additional exemptions from *imposta sostitutiva* for payments of Interest in respect of the Notes made to (i) international entities and organisations established in accordance with international agreements ratified in Italy; (ii) certain foreign institutional investors, whether or not subject to tax, established in countries included in the White List; and (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State.

To ensure payment of Interest in respect of the Notes without the application of 26 per cent. *imposta sostitutiva*, non-Italian resident investors indicated above must:

- (a) be the beneficial owners of payments of Interest on the Notes;
- (b) deposit the Notes in due time together with the coupons relating to such Notes, directly or indirectly, with an resident bank or SIM, or a permanent establishment in Italy of a non Italian resident bank or SIM, or with a non-Italian resident operator participating in a centralised securities management system which is in contact via computer with the Ministry of Economy and Finance; and
- (c) file with the relevant depository a statement (*autocertificazione*) in due time stating, *inter alia*, that he or she is resident, for tax purposes, in one of the above mentioned White List States. Such statement (*autocertificazione*), which must comply with the requirements set forth by Ministerial Decree of 12 December 2001 (as amended and supplemented), shall be valid until withdrawn or revoked and need not be submitted where a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository. The statement (*autocertificazione*) is not required for non-Italian resident investors that are international entities or organisations established in accordance with international agreements ratified in Italy, and Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State.

Failure of a non-Italian resident holder of the Notes to comply in due time with the procedures set forth in Decree No. 239 and in the relevant implementing rules will result in the application of *imposta sostitutiva* on Interests payments to a non-resident holder of the Notes.

Non-Italian resident holders of the Notes who are subject to *imposta sostitutiva* may, nevertheless, be eligible for a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of residence of the relevant holder of the Notes.

Fungible issues

Pursuant to Article 11, paragraph 2 of Decree No. 239, where the relevant Issuer issues a new Tranche forming part of a single series with a previous Tranche, for the purposes of calculating the amount of Interest subject to *imposta sostitutiva*, the issue price of the new Tranche will be deemed to be the same as the issue price of the original Tranche. This rule applies where (a) the new Tranche is issued within 12 months from the issue date of the previous Tranche, and (b) the difference between the issue price of the new Tranche and that of the original Tranche does not exceed 1 per cent. of the nominal value of the Notes multiplied by the number of years of the duration of the Notes.

Capital gains tax

Italian resident Noteholders

Pursuant to Decree No. 461, a 26 per cent. capital gains tax (referred to as "*imposta sostitutiva*") is applicable to capital gains realised by:

- an Italian resident individual not engaged in entrepreneurial activities to which the Notes are connected;

- an Italian resident partnership not carrying out commercial activities;
- an Italian private or public institution not carrying out mainly or exclusively commercial activities; or

on any sale or transfer for consideration of the Notes or redemption thereof.

Under the so called "*regime della dichiarazione*" (**Tax Declaration Regime**), which is the standard regime for taxation of capital gains, the 26 per cent. *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains net of any relevant incurred capital losses realised pursuant to all investment transactions carried out during any given fiscal year. The capital gains realised in a year net of any relevant incurred capital losses must be detailed in the relevant annual tax return to be filed with Italian tax authorities, and *imposta sostitutiva* must be paid on such capital gains together with any balance income tax due for the relevant tax year. Capital losses in excess of capital gains may be carried forward against capital gains of the same kind for up to the fourth subsequent fiscal year.

Alternatively to the Tax Declaration Regime, the holders of the Notes who are:

- Italian resident individuals not engaged in entrepreneurial activities to which the Notes are connected;
- Italian resident partnerships not carrying out commercial activities;
- Italian private or public institutions not carrying out mainly or exclusively commercial activities,

may elect to pay *imposta sostitutiva* separately on capital gains realised on each sale or transfer or redemption of the Notes under the so called "*regime del risparmio amministrato*" (the **Administrative Savings Regime**). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with banks, SIMs and any other Italian qualified intermediary (or permanent establishment in Italy of foreign intermediary) and (ii) an express election for the Administrative Savings Regime being made in writing in due time by the relevant holder of the Notes. The intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or transfer or redemption of the Notes, as well as on capital gains realised as at revocation of its mandate, net of any relevant incurred capital losses, and is required to pay the relevant amount to the Italian tax authorities on behalf of the holder of the Notes, deducting a corresponding amount from proceeds to be credited to the holder of the Notes. Where a sale or transfer or redemption of the Notes results in a capital loss, the intermediary is entitled to deduct such loss from gains of the same kind subsequently realised on assets held by the holder of the Notes within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Under the Administrative Savings Regime, the realised capital gain is not required to be included in the annual income tax return of the Noteholder and the Noteholder remains anonymous.

Special rules apply if the Notes are part of a portfolio managed under the Asset Management Regime by an Italian asset management company or an authorised intermediary. The capital gains realised upon sale, transfer or redemption of the Notes will not be subject to 26 per cent. *imposta sostitutiva* on capital gains but will contribute to the determination of the annual accrued appreciation of the managed portfolio, subject to the Asset Management Tax. Any depreciation of the managed portfolio at the year-end may be carried forward against appreciation accrued in each of the following tax years up to the fourth. Also under the Asset Management Regime the realised capital gain is not required to be included in the annual income tax return of the Noteholder and the Noteholder remains anonymous.

Subject to certain limitations and requirements (including a minimum holding period), capital gains in respect of Notes realized upon sale, transfer or redemption by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from taxation, including the 26 per cent. *imposta sostitutiva*, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets requirements from time to time applicable as set forth under Italian law.

In the case of Notes held by Funds, SICAVs or SICAFs, capital gains on the Notes contribute to determine the increase in value of the managed assets of the Funds, SICAVs or SICAFs accrued at the end of each tax year.

The Funds, SICAVs or SICAFs will not be subject to taxation on such increase, but the Collective Investment Fund Tax will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders.

Where a Noteholder is a Real Estate Fund or a Real Estate SICAF, to which the provisions of Law Decree No. 351 of 25 September 2001, Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010, and Legislative Decree No. 44 of 4 March 2014, all as amended, apply, capital gains realised will be subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the Real Estate Fund or Real Estate SICAF. Subsequent distributions made in favour of unitholders or shareholders and/or income realized upon redemption or disposal of the units or shares will be subject, in certain circumstances, to a withholding tax of 26 per cent; subject to certain conditions, depending on the status of the investor and percentage of participation, income of the Real Estate Fund or Real Estate SICAF is subject to taxation in the hands of the unitholder or the shareholder regardless of distribution.

Any capital gains realised by a Noteholder who is an Italian resident pension fund (subject to the regime provided for by Article 17 of Decree No. 252) will be included in the result of the relevant portfolio accrued at the end of the tax period, and will be subject to the Pension Fund Tax.

Subject to certain limitations and requirements (including minimum holding period), capital gains in respect of Notes realized upon sale, transfer or redemption by Italian resident pension fund may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth under Italian law.

Non- Italian resident Noteholders

The 26 per cent. *imposta sostitutiva* on capital gains may in certain circumstances be payable on any capital gains realised upon sale, transfer or redemption of the Notes by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, pursuant to Article 23 of Decree No. 917, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market in Italy or abroad, and in certain cases subject to timely filing of required documentation (in the form of a declaration (*autocertificazione*) of non-residence in Italy) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

Where the Notes are not listed on a regulated market in Italy or abroad:

- (a) pursuant to the provisions of Decree No. 461, non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of the Notes if they are resident, for tax purposes: (a) in a State or territory included in the White List and (b) all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are met or complied with in due time. Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Regime or are subject to the Administrative Savings Regime, exemption from Italian capital gains tax will apply upon condition that they file in time with the authorised financial intermediary an appropriate self-declaration (*autocertificazione*) stating that they meet the requirement indicated above. The same exemption applies where the beneficial owners of the Notes are (i) international entities or organisations established in accordance with international agreements ratified by Italy; (ii) certain foreign institutional investors established in countries which allow for an adequate exchange of information with Italy; or (iii) Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State; and

- (b) in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy, providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon sale for consideration or redemption of Notes.

Under these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the Asset Management Regime or are subject to the Administrative Savings Regime, exemption from Italian capital gains tax will apply upon condition that they promptly file with the Italian authorised financial intermediary a declaration attesting that all the requirements for the application of the relevant double taxation treaty are met.

Any capital gains realised by Italian resident corporations or similar commercial entities or permanent establishments in Italy of non-Italian resident corporations to which the Notes are connected, will be included in their business income (and, in certain cases, may also be included in the taxable net value of production for IRAP purposes), subject to tax in Italy according to the relevant ordinary tax rules.

Inheritance and gift taxes

Transfers of any valuable asset (including shares, Notes or other securities) as a result of death or donation are taxed as follows:

- (a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the entire value of the inheritance or gift exceeding Euro 1,000,000;
- (b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or gift exceeding Euro 100,000; and
- (c) any other transfer is subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or gift.

If the transfer is made in favour of persons with severe disabilities, the tax applies on the value exceeding, for each beneficiary, Euro 1,500,000.

Transfer tax

Contracts relating to the transfer of securities are subject to a Euro 200 registration tax as follows: (i) public deeds and notarised deeds are subject to mandatory registration; (ii) private deeds are subject to registration only in "case of use" (*caso d'uso*) or in case of "explicit reference" (*enunciazione*) or voluntary registration.

Tax Monitoring Obligations

Italian resident individuals, non-commercial entities, non-commercial partnerships and similar institutions are required to report in their yearly income tax return, according to Law Decree No. 167 of 28 June 1990 converted into law by Law Decree No. 227 of 4 August 1990, as amended from time to time, for tax monitoring purposes the amount of Notes held abroad during each tax year.

The requirement applies also where the persons above, being not the direct holders of the financial instruments, are the actual owners of the instrument.

Furthermore, it is not necessary to comply with the above reporting requirement with respect to: (i) the Notes deposited for management with qualified Italian financial intermediaries; (ii) the contracts entered into through their intervention, upon condition that the items of income derived from the Notes have been subject to tax by the same intermediaries; or (iii) if the foreign investments are only composed of deposits and/or bank accounts and their aggregate value does not exceed a Euro 15,000 threshold throughout the year.

Stamp duty

Pursuant to Article 13, para. 2-ter of the tariff Part I attached to Presidential Decree No. 642 of 26 October 1972, a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to its clients in respect of any financial product and instrument (including the Notes), which may be deposited with such financial intermediary in Italy. The stamp duty applies at a rate of 0.2 per cent. and cannot exceed Euro 14,000 for taxpayers which are not individuals. This stamp duty is determined on the basis of the market value or, if no market value figure is available, on the basis of face value or redemption value, or in the case the face or redemption values cannot be determined, on the basis of purchase value of the financial assets (including banking bonds, *obbligazioni* and capital adequacy financial instruments) held.

The statement is deemed to be sent at least once a year, including with respect to the instruments for which is not mandatory nor the deposit, nor the release nor the drafting of the statement. In case of reporting periods of less than 12 months, the stamp duty is payable based on the period accounted.

Pursuant to the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 29 July 2009, as subsequently amended, supplemented and restated) of an entity that exercises a banking, financial or insurance activity in any form within the Italian territory.

Wealth tax on financial assets deposited abroad

According to Article 19 of Decree No. 201 of 6 December 2011, Italian resident individuals holding financial assets, including the Notes, outside of the Italian territory are required to declare in its own annual tax declaration and pay a wealth tax at the rate of 0.2 per cent. (**IVAFE**). Starting from 2020, Law No 160 of 27 December 2019 has provided for the extension of the application scope of IVAFE to Italian resident non-commercial entities, simple partnerships and equivalent entities, in addition to Italian resident individuals. For taxpayers other than individuals, IVAFE cannot exceed Euro 14,000 per year.

This tax is calculated on the market value at the end of the relevant year or, if no market value figure is available, on the nominal value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase value of any financial asset (including the Notes) held abroad by Italian resident individuals. A tax credit is granted for any foreign property tax levied abroad on such financial assets. The financial assets held abroad are excluded from the scope of the wealth tax, if such financial assets are administered by Italian financial intermediaries pursuant to an administration agreement.

FATCA DISCLOSURE

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" (as defined by FATCA) may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements.

A number of jurisdictions, including the Republic of Italy, have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments published in the U.S. Federal Register and the Notes characterised as debt (or which are characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified

after such date. However, if additional Notes (as described under Condition 15 (*Further Issues*)) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

THE PROPOSED FINANCIAL TRANSACTION TAX (FTT)

On 14 February 2013, the European Commission published a proposal (the Commission's Proposal) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States). However, Estonia has since stated that it will not participate.

The proposed FTT has very broad scope and could, if introduced in the form proposed on 14 February 2013, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States. Additional EU Member States may decide to participate, although certain other Member States have expressed strong objections to the proposal. The FTT proposal may therefore be altered prior to any implementation, the timing of which remains unclear.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

LUXEMBOURG TAXATION

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

Withholding Tax

(a) *Non-resident holders of Notes*

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

(b) *Resident holders of Notes*

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 as amended (the **Relibi Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Relibi Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Accordingly, payments of interest under the Notes coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 20 per cent.

SUBSCRIPTION AND SALE

The Dealers have, in a Programme Agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 1 July 2020, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*”. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States:

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of sales to EEA and UK Retail Investors

Unless the Final Terms in respect of any Notes specifies “*Prohibition of Sales to EEA and UK Retail Investors*” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

- (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

If the Final Terms in respect of any Notes specifies “*Prohibition of Sales to EEA and UK Retail Investors*” as “Not Applicable”, in relation to each Member State of the EEA and the United Kingdom (each a **Relevant State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

- (A) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (C) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (A) to (C) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision:

- the expression **an offer of Notes to the public** in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes; and
- the expression **Prospectus Regulation** means Regulation (EU) 2017/1129..

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Belgium

Other than in respect of Notes for which "*Prohibition of Sales to Belgian Consumers*:" is specified as "Not Applicable" in the applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (**CONSOB**) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation and any applicable provision of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Italian CONSOB regulations; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**), and the applicable Italian laws.

Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must:

- (i) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and
- (ii) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in

force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The updating of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of the Issuer dated 18 June 2020.

All necessary consents, approvals and authorisations in connection with the issue and performance of the obligations under the Notes will be in place prior to each issue of Notes.

The Legal Entity Identifier

The Legal Entity Identifier (LEI) code of the Issuer is 8156004604684CA44A90.

Listing of Notes and Admission to Trading

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU).

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in Luxembourg:

- (a) the constitutional documents (with an English translation thereof);
- (b) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form the Coupons and the Talons; and
- (c) any future base prospectus, prospectuses, information memoranda, supplements, Final Terms to this Base Prospectus and any other documents incorporated herein or therein by reference.

Publication on the Internet

The By-laws (*Statuto*) of the Issuer are available on the Issuer's website at:

<https://www.erg.eu/documents/10181/414454/ERG+Articles+of+Association>

This Base Prospectus and the documents listed in paragraph (a) above are available at the Issuer's website at:

<https://www.erg.eu/en/investor-relations/debt/rating-emtn-programme/prospectus>

In addition, this Base Prospectus, each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website (www.bourse.lu).

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the

Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Yield

In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

Significant or Material Change

Save as disclosed in this Base Prospectus in the section “*Description of the Issuer and the ERG Group – Recent Significant Transactions*” at pages 99-100 and the section *Description of the Issuer and the ERG Group – Recent Developments*” there has been no significant change in the financial performance or position of the Group since 31 March 2020 and there has been no material adverse change in the prospects of the Group since 31 December 2019.

Litigation

Save as disclosed in the section “*Description of the Issuer and the ERG Group – Legal Proceedings*” at pages 117-118 and “*Description of the Issuer and the ERG Group – Recent Developments*” at page 118 neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Auditors¹⁰

The current independent auditors of ERG are KPMG S.p.A., with registered office at Via Vittor Pisani 25, 20124 Milan, Italy. KPMG S.p.A. is registered with the Companies’ Register under Fiscal Code 00709600159.

The Independent Auditors’ current appointment was conferred for the period 2018-2026 by the Shareholders’ Meeting held on 23 April 2018 and will expire on the date of the Shareholders’ Meeting convened to approved ERG’s financial statements for the financial year ending 31 December 2026.

KPMG S.p.A. audited, in accordance with auditing standards in Italy recommended by CONSOB, the Issuer’s 2018 Consolidated Financial Statements and 2019 Consolidated Financial Statements, without qualification. The 2018 Consolidated Financial Statements, the 2019 Consolidated Financial Statements and consolidated financial statements for the years then ended were prepared in accordance with IFRS as adopted in the European Union Regulation No. 1606/2002 and the requirements of Italian regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/2005.

¹⁰ Note: Auditors to review

The reports of the auditors of the Issuer are included or incorporated in the form and context in which they are included or incorporated, with the consent of the relevant auditors who have authorised the contents of that part of this Base Prospectus.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the Issuer and its affiliates in the ordinary course of business.

Validity of the Base Prospectus and supplements

The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

ISSUER

ERG S.p.A.

Torre WTC - Via De Marini, 1
16149 Genoa
Italy

PRINCIPAL PAYING AGENT

BNP Paribas Securities Services, Luxembourg Branch
60 avenue J.F. Kennedy
L-1855 Luxembourg

LEGAL ADVISERS

To the Issuer as to English and Italian law

Clifford Chance Studio Legale Associato

Via Broletto, 16
20121 Milan
Italy

To the Dealers as to English law

Allen & Overy Studio Legale Associato

Via Ansperto, 5
20123 Milan
Italy

AUDITORS

KPMG S.p.A.

Via Vittor Pisani, 25
20124 Milan
Italy

ARRANGERS

BNP Paribas

16, boulevard des Italiens
75009 Paris
France

Crédit Agricole Corporate and Investment Bank

12, Place des États-Unis
CS70052 92547 Montrouge Cedex
France

**Mediobanca - Banca di Credito
Finanziario S.p.A.**

Piazzetta Enrico Cuccia, 1
20121 Milan
Italy

ARRANGERS AND DEALERS

BNP Paribas

16, boulevard des Italiens
75009 Paris
France

Crédit Agricole Corporate and Investment Bank

12, Place des États-Unis
CS70052 92547 Montrouge Cedex
France

**Mediobanca - Banca di Credito
Finanziario S.p.A.**
Piazzetta Enrico Cuccia, 1
20121 Milan
Italy

LISTING AGENT

BNP Paribas Securities Services, Luxembourg Branch
60 avenue J.F. Kennedy
L-1855 Luxembourg