



E.S.TR.A. S.p.A.

Energia Servizi Territorio Ambiente

(incorporated as a company limited by shares under the laws of the Republic of Italy)

€100,000,000 3.75 per cent. Guaranteed Notes due 2022

guaranteed by

CENTRIA S.r.l.

(incorporated as a limited liability company under the laws of the Republic of Italy)

The €100,000,000 3.75 per cent. Guaranteed Notes due 2022 (the "**Notes**") of E.s.tr.a. S.p.A. Energia Servizi Territorio Ambiente (the "**Issuer**") are expected to be issued on 13 July 2015 (the "**Closing Date**") at an issue price of 99.396 per cent. of their principal amount. The Notes are guaranteed by Centria S.r.l. (the "**Guarantor**") pursuant to a deed of guarantee to be dated on or about the Closing Date (the "**Guarantee**").

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on 13 July 2022. The Notes are subject to redemption in whole at their principal amount at the option of the Issuer at any time in the event of certain changes affecting taxation in the Republic of Italy. In addition, each holder of a Note may require the Issuer to redeem such Note at their principal amount upon the occurrence of a Change of Control (as defined below). See "*Terms and Conditions of the Notes — Redemption and Purchase*".

The Notes will bear interest from 13 July 2015 at the rate of 3.75 per cent. per annum, payable annually in arrear on 13 July each year commencing on 13 July 2016. Payments on the Notes will be made in Euros without deduction for or on account of taxes imposed or levied by the Republic of Italy to the extent described under "*Terms and Conditions of the Notes — Taxation*".

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on its Global Exchange Market. This Prospectus constitutes the listing particulars (the "**Listing Particulars**") for those purposes and application has been made to the Irish Stock Exchange for the approval of this document as Listing Particulars. The Global Exchange Market is not a regulated market for the purposes of the Markets in Financial Investments Directive (2004/39/EC) and this Prospectus is not a prospectus published in accordance with the requirements of the Prospectus Directive 2003/71/EC.

This Prospectus is available for viewing on the Irish Stock Exchange's website (www.ise.ie) and the documents incorporated by reference herein may be accessed on the Issuer's website (www.estraspa.it) (see "*Information Incorporated by Reference*").

An investment in the Notes involves certain risks. For a discussion of these risks, see "Risk Factors" on page 6.

The Notes will be in bearer form and in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. The Notes will initially be in the form of a temporary global note (the "**Temporary Global Note**"), which will be deposited on or around the Closing Date with a common safekeeper for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"). The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the "**Permanent Global Note**") not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form. See "*Summary of Provisions Relating to the Notes in Global Form*".

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (the "**Securities Act**") and are subject to United States tax law requirements. The Notes are being offered outside the United States in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Lead Manager
BNP PARIBAS

9 July 2015

IMPORTANT NOTICES

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

Each of the Issuer and the Guarantor has confirmed to BNP Paribas (the "**Lead Manager**") that this Prospectus contains all information regarding the Issuer, the Guarantor and the Notes which is (in the context of the issue of the Notes and the giving of the Guarantee) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information contained herein (in such context) not misleading in any material respect; and all reasonable enquiries have been made to ascertain and to verify the foregoing.

This Prospectus should be read in conjunction with all information which is incorporated by reference in and forms part of this Prospectus (see "*Information Incorporated by Reference*").

The Issuer and the Guarantor have not authorised the making or provision of any representation or information regarding the Issuer, the Guarantor or the Notes other than as contained in this Prospectus or as approved in writing for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Guarantor or the Lead Manager.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that the information contained herein concerning the Issuer and the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied by the Issuer or the Guarantor in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same, or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise), results of operation, business and prospects of the Issuer or the Guarantor since the date of this Prospectus. The Issuer and the Guarantor are under no obligation to update the information contained in this Prospectus after commencement of dealings in the Notes and, save as required by applicable laws or regulations or the rules of any relevant stock exchange, or under the terms and conditions relating to the Notes, the Issuer and the Guarantor will not provide any post-issuance information to investors.

Neither this Prospectus nor any other information supplied in connection with the offering of the 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, the Guarantor or the Lead Manager that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any Notes. The content of this Prospectus should not be construed as providing legal, business, accounting, tax or other professional advice and each investor contemplating purchasing any Notes should make its own independent investigation of the condition (financial or otherwise) of the Issuer and the Guarantor and its own appraisal of the Issuer's and the Guarantor's creditworthiness, and to have consulted its own legal, business, accounting, tax and other professional advisers.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Guarantor or the Lead Manager to any person to subscribe for or to purchase any Notes. The distribution of this Prospectus and the

offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Guarantor and the Lead Manager to inform themselves about and to observe any such restrictions. Neither the Issuer nor the Guarantor nor the Lead Manager represent that this Prospectus may be lawfully distributed, or that the 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, nor do they assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor or the Lead Manager which is intended to permit a public offering of the Notes or the distribution of this 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 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.

For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, the Notes have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language so that the correct technical meaning may be ascribed to them under applicable law.

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

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain statements that are, or may be deemed to be, forward-looking, including statements with respect to the Issuer's and the Guarantor's business strategies, expansion of operations, trends in their business and their competitive advantage, information on technological and regulatory changes and information on exchange rate risk and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate" "aim", "intend", "plan", "continue" or similar expressions. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which are made only as at the date of this Prospectus.

Neither the Issuer nor the Guarantor intends, or assumes any obligation, to update forward-looking statements set out in this Prospectus. Many factors may cause the Issuer's or the Guarantor's results of operations, financial condition, liquidity and the development of the industries in which they compete to differ materially from those expressed or implied by the forward-looking statements contained in this Prospectus.

The risks described under "*Risk Factors*" in this Prospectus are not exhaustive. Other sections of this Prospectus describe additional factors that could adversely affect the Issuer's and the Guarantor's

results of operations, financial condition and liquidity, and the development of the industries in which they operate. New risks can emerge from time to time, and it is not possible for the Issuer or the Guarantor to predict all such risks, nor can the Issuer assess the impact of all such risks on their business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not rely on forward-looking statements as a prediction of actual results.

CERTAIN DEFINED TERMS

In this Prospectus, unless otherwise specified:

- (i) references to "**billions**" are to thousands of millions;
- (ii) references to the "**Conditions**" are to the terms and conditions relating to the Notes set out in this Prospectus in the section "*Terms and Conditions of the Notes*" and any reference to a numbered "**Condition**" is to the correspondingly numbered provision of the Conditions;
- (iii) references to "**€**", "**EUR**" or "**Euro**" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended;
- (iv) the "**Group**" means the group consisting of the Issuer and its Subsidiaries;
- (v) the "**Guarantor**" means Centria S.r.l.;
- (vi) references to "**Italian GAAP**" are to generally accepted accounting principles in Italy, as prescribed by Italian law and supplemented by the accounting principles issued by the Italian accounting profession;
- (vii) the "**Issuer**" or "**Estra**" means E.s.tr.a. S.p.A. Energia Servizi Territorio Ambiente; and
- (viii) "**Subsidiary**" has the meaning given to it in the Conditions.

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RISK FACTORS

The Issuer and the Guarantor believe that the following factors may affect their ability to fulfil their respective obligations under the Notes and the Guarantee. Most of these factors are contingencies which may or may not occur and the Issuer and the Guarantor are not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer and the Guarantor to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer and the Guarantor based on information currently available to them or which they may not currently be in a position to anticipate. In addition, the order in which the risk factors are presented below is not intended to be indicative either of the relative likelihood that each risk will materialise or of the magnitude of their potential impact on the business, financial condition and results of operations of the Issuer and the Guarantor.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus and consider carefully whether an investment in the Notes is suitable for them in the light of the information in this Prospectus and their personal circumstances, based upon their own judgment and upon advice from such financial, legal and tax advisers as they deem necessary.

Words and expressions defined in "Terms and Conditions of the Notes" or elsewhere in this Prospectus have the same meaning in this section. Prospective investors should read the whole of this Prospectus, including the information incorporated by reference.

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

Risks relating to the legislative and regulatory context

The Group operates in a heavily regulated environment, in accordance with, among other things, the rules issued by the Italian Regulatory Authority for Electricity, Gas and Water (*Autorità per l'Energia Elettrica il Gas e il Sistema Idrico*, or "**AEEGSI**"), which in turn operates in accordance with Italian and European laws, regulations and guidelines. Any changes to the applicable legislation and regulations, whether at a national or European level, or in their interpretation could negatively affect the Group's revenues and operations. Such changes could relate to tax rates, the procedure for awarding and/or renewing concessions, the tariffs charged by the Group for its services, the determination of any indemnities or compensation due to the Group in the event of termination or loss of concessions, and environmental, safety or other workplace laws. Public policies relating to energy, energy efficiency and/or air emissions might also affect the market, and in particular the regulated sectors in which the Group operates. Any substantial changes to existing laws, regulations, guidelines or standards or any substantial change in the interpretation of the same, could adversely affect the business, results of operations and financial condition of the Group and, as a result, the Issuer's ability to repay the Notes.

The following legislation has been subject to change in recent years:

- rules relating to the grant of concessions for the distribution of gas and electricity;
- regulation of local public services;
- "Green Certificates Market" rules; and
- "Third Energy Package of the European Union".

Other business areas in which the Group operates, such as the management of heating services (that mainly consist of design, development and management of heating installations for private and public

clients) and district heating services (that mainly consist of design, development and management of heating installations operating through water pipes), have also been affected by the introduction of a number of significant legislative measures aimed at, among other things, a further liberalisation of the market.

It is not possible to predict how recent changes to the laws and regulations affecting the Group's business sectors will affect the Group. In addition, new legislative measures may be introduced aimed at a further liberalisation of the market, which could facilitate the entry of new competitors into the market, or which could affect the duration of concessions granted to the Group. Any additional costs incurred and investments made by the Group in order for it to comply with any applicable regulation, as well as any loss of potential business opportunities, could adversely affect the business, results of operations and financial condition of the Group and, as a result, the Issuer's ability to repay the Notes.

Risks relating to concessions granted in connection with the Group's natural gas distribution business

The gas distribution business of the Group depends on concessions being granted by Italian local authorities. The gas market is regulated by Legislative Decree No. 164 of 23 May 2000 (the "**Letta Decree**"), as amended, pursuant to which the distribution of natural gas in certain municipalities and areas must be carried out by operators which are chosen through a public tender process. In addition, where a concession holder is replaced by a new operator, compensation must be paid to the outgoing concession holder for the assets which will become available to the new concession holder. Several recent laws and regulations have affected the tender process and the determination of compensation payable to an outgoing concession holder. There is still considerable uncertainty with regard to how the concession system will work and how the authorities granting the concessions and the Italian courts will interpret such legislation.

No assurance can be given that the Group will be granted concessions for the areas where it currently operates under concession agreements, or even if concessions are granted to it, that they will be on the same conditions as, or on more favourable conditions than, those of existing concessions. In addition, if the Group loses a concession, although it may be entitled to compensation, termination of the concession may lead to mandatory prepayment, in whole or in part, under certain of the Guarantor's loan agreements. See "*Description of the Issuer – Financing Arrangements*". All of the above factors could adversely affect the business, results of operations and financial condition of the Group.

For example, at the end of a tender process carried out in 2012 the municipality of Prato granted its gas distribution concession (the "**Prato Concession**") to Toscana Energia S.p.A. ("**Toscana Energia**") and subsequent attempts by the Issuer and the Guarantor to challenge this decision were ultimately unsuccessful. As a result, the municipality of Prato and Toscana Energia have entered into a concession agreement and the Guarantor will be required to transfer its facilities relating to the City of Prato's gas network by 1 September 2015 in return for compensation to be paid by Toscana Energia (as incoming concession holder), as provided for under the terms of the tender originally granted to the outgoing concession holder. However, the exact amount of compensation and the dates of transfer of the concession and payment of compensation are still to be determined. Once the Prato Concession is transferred to Toscana Energia, the Group estimates that it could lose revenues amounting to approximately Euro 10 million per annum in respect of such concession.

In addition to risks arising from loss of concessions, the Group may be subject, in the event of breaches or non-performance of its obligations under the concession agreements, to penalties or sanctions and/or the suspension of tariff increases. Penalties, sanctions or the suspension of tariff increases, could have a material adverse effect on the Group's business, financial condition and results of operations.

Risks relating to changes in tariff levels

The Group's revenues are linked to the tariffs which currently apply to natural gas distribution and natural gas and electricity sales. In particular, the revenues generated from the natural gas distribution business were equal to Euro 79.0 million and Euro 83.0 million, respectively, before intercompany eliminations for the years ended 31 December 2014 and 2013, or 9.5% and 10.2% of total revenues, respectively, for the same periods.

Tariff regulation is set by the AEEGSI before the start of each regulatory period (which was recently extended from four to six years). Under Resolution No. 573/2013/R/gas, the AEEGSI defined the reference tariffs and mandatory tariffs for natural gas distribution and metering services for the regulatory period commencing on 1 January 2014. For further details, see "*Regulation – Natural Gas Distribution*".

With regard to the distribution of gas, under the current tariff system, the revenues of the Group are reviewed annually on the basis of criteria set by the AEEGSI which factor in the rate of annual growth of natural gas volumes introduced into the transport networks. These volumes depend on factors outside of the Group's control, such as the price of natural gas compared to other fuels, economic growth, climate change, environmental laws, availability of natural gas imported from foreign countries and the availability of sufficient transport capacity on import pipelines. If such volumes were lower than the rate of annual growth factored into the above-mentioned criteria, this could adversely affect the business, results of operations and financial condition of the Group and, as a result, the Issuer's ability to repay the Notes. Tariffs also apply to a portion of the Group's sales of natural gas.

There can be no assurance that any future revision of tariffs for the Group's regulated activities will keep them at a level that satisfies the Issuer's expectations or requirements, and they may be significantly reduced, possibly in response to political or public pressure. Should any such changes result in decreases in tariffs or in repayments to customers, these could have a material adverse effect on the Issuer's financial condition and results of operations.

Risks relating to quality standards

The Group is required to comply with certain quality standards for the sale of natural gas and electricity to end customers, as well as certain standards of security, continuity and commercial quality with respect to natural gas distribution. Failure to comply with these standards may result in the Group having to pay indemnities to end customers, penalties and/or fines. Although the Group believes that it currently complies with the relevant quality and safety standards, any future breach of these standards could adversely affect the business, results of operations and financial condition of the Group and, as a result, the Issuer's ability to repay the Notes.

Risks relating to the implementation of the Group's strategic objectives

The Group intends to pursue a strategic plan of growth and development, in particular in the natural gas sale and distribution and the electricity sale sectors. The strategic plan contains, and was prepared on the basis of, a number of critical assumptions and estimates relating to future trends and events that may affect the sectors in which the Group operates, such as estimates of customers' demand and changes to the applicable regulatory framework. There can be no assurance that the Group will achieve the objectives under its strategic plan. For example, if any of the events and circumstances taken into account in preparing the strategic plan do not occur, the future business, financial condition, cash flow and/or results of operations of the Group could be different from those envisaged and the Group may not achieve its strategic plan, or do so within the expected timeframe, which could adversely affect the business, results of operations and financial condition of the Group and, as a result, the Issuer's ability to repay the Notes.

Risks relating to joint ventures and partnerships

In recent years, the Group has entered into various partnerships. In particular, in 2013 the Group and Multiservizi S.p.A. set up EDMA S.r.l. with a view to developing the Group's presence in the natural gas and electricity sales sectors in Central Italy, in which the Group has a 36.99 per cent. stake. The Group may enter into further joint ventures or partnerships in the future with the same or other parties. The possible benefits or expected returns from such joint ventures and partnerships may be difficult to achieve or may prove to be less valuable than the Group currently estimates. Furthermore, such investments are inherently risky as the Group may not be in a position to exercise full influence over the management of the joint venture company or partnership and the business decisions taken by it. In addition, joint ventures and partnerships bear the risk of difficulties that may arise when integrating people, operations, technologies and products. All of the above circumstances could have a material adverse effect on the Group's business, financial condition and results of operations.

Although the Group aims to participate only in ventures in which its interests are aligned with those of its partners, it cannot guarantee that its interests will remain so aligned. Although strategic joint ventures are intended to be stable operational structures, contracts governing such projects typically include provisions for terminating the venture or resolving deadlock. The dissolution of business ventures can be both lengthy and costly and the Group cannot give any assurance that any strategic alliances will endure for a period of time compatible with its strategy.

Risks relating to the Group's investments

In order to strengthen its competitive position on the market and expand its customer base, the Group has invested and continues to invest in the natural gas and electricity sale sectors and the distribution networks which it owns or operates under concession agreements. In the years ended 31 December 2014 and 2013, the Group made investments and improvements to distribution networks and other infrastructure amounting to €13.8 million and €12.7 million, respectively, representing 17.4% and 15.3% of gas distribution revenues. There is no assurance that the investment strategies implemented by the Group will be successful, as they may be interrupted or delayed due to difficulties in obtaining environmental and/or administrative authorisations or opposition from political groups or other organisations, or may be influenced by changes being made to the price of equipment, materials and labour and the political or regulatory framework or the Group becoming unable to raise funds at acceptable interest rates. Such delays could affect the ability of the Group to meet regulatory and other environmental performance standards and could adversely affect the business, results of operations and financial condition of the Group and, as a result, the Issuer's ability to repay the Notes.

Risks relating to interruption of the Group's business activities

The Group is continuously exposed to the risk of interruption of its business activities due to the malfunctioning of its infrastructure (transport/distribution networks) and plants (storage and delivery points) resulting from events outside of the Group's control, such as extreme weather phenomena, natural disasters, fire, malicious damage, accidents, labour disputes and mechanical breakdown as well as any unavailability of equipment of critical importance for the Group's business activities caused by material damage to the equipment or its components. Any such events could compromise production capacity and result in loss of income and/or cost increases and could adversely affect the business, results of operations and financial condition of the Group and, as a result, the Issuer's ability to repay the Notes.

Risks relating to issues encountered along the supply chain

Peak demand periods may coincide with times when there is a shortage of natural gas and electricity. In addition, the Group could experience problems in acquiring natural gas and electricity due to an

interruption of the operation of the natural gas transport network or the national electricity transmission network. Should the Group encounter these issues, it could be forced to limit or suspend its business.

Furthermore, a large part of the natural gas transported in the Italian national transportation system is imported from or transits through countries that have already experienced and may continue to experience political, social and economic instability. The import of natural gas from, or its transit through, such countries, are therefore subject to certain risks inherent in such countries including high inflation, volatile exchange rates, weak insolvency and creditor protection laws, social unrest, limitations on investments and on the import and export of assets, increases in taxes and excise duties, enforced contract renegotiations, nationalisation or renationalisation of assets, political upheaval, changes to commercial policies, monetary restrictions, and loss or damage owing to the actions of insurgent groups.

These risks could adversely affect the business, results of operations and financial condition of the Group and, as a result, the Issuer's ability to repay the Notes.

Risks relating to seasonality and atmospheric conditions

The Group's business is affected by atmospheric conditions such as the average temperatures influencing overall consumption needs. Significant changes in weather conditions from year to year may affect the demand for natural gas and electricity, it being typically higher in cold winters (due to the need for heating) and hot summers (due to the need for air conditioning). Sudden weather changes could result in a significant variation of normal demand and also affect the Group's production from certain renewable sources. This could adversely affect the business, results of operations and financial condition of the Group and, as a result, the Issuer's ability to repay the Notes.

Risks relating to renewable energy

The Group's renewable energy business is exposed to the risk that the production of electricity from renewable sources may be interrupted due to events out of the Group's control, such as natural calamities, fire, failure or malfunctioning of equipment and control systems, manufacturing defects of plants, damage, theft and other exceptional events. Any interruption could result in a reduction of revenues for the Group, and significant costs could be incurred by the Group in order to resume the production process.

The Group's investments in its renewable energy business may be subject to delays which could affect the implementation and operation of projects and result in higher costs and lower production for the Group. Any prolonged interruption of a project's construction or operation, cost overrun, delay in obtaining permits and authorisations or failure to generate the expected quantity of electricity could adversely affect the business, results of operations and financial condition of the Group.

The Group often depends on state or local government policies and incentives to support the costs associated with and to finance renewable energy projects. If any of these policies or incentives are adversely amended, delayed, withdrawn or reduced, or are not renewed at the end of the relevant expiry date, the Group may not be able to sustain the costs associated with these projects.

Furthermore, due to the intrinsic features of the sources used in this sector which are linked to the climatic conditions of the sites where the wind and photovoltaic plants are located, the production of electricity experiences a high level of volatility. Although the Group has located its plants across the Italian territory in order to benefit from the diverse climatic conditions, it may still incur losses or be subject to compensation claims, which could adversely affect the business, results of operations and financial condition of the Group.

Risks relating to competition

The markets in which the Group operates are subject to increasing competition in Italy. In particular, the Group faces competition in its domestic natural gas business, where it faces increasing competition from both national and international natural gas suppliers. Increasingly high levels of competition in the Italian natural gas market could result in reduced natural gas sales margins for the Group. Furthermore, a number of national gas producers from countries with large gas reserves have started selling natural gas directly to end customers in Italy, which could threaten the market position of the Group as it resells gas purchased from producing countries to end customers. The Group also faces competition in its domestic electricity business, in which it competes with other producers and traders from Italy and outside of Italy who sell electricity in the Italian market to industrial, commercial and residential clients. This could have an impact on the prices paid/received in the Group's electricity sales activities.

All of these developments could adversely affect the business, results of operations and financial condition of the Group and, as a result, the Issuer's ability to repay the Notes.

Funding and liquidity risks

The Issuer's ability to borrow from banks or in the capital markets to meet its financial requirements is dependent on favourable market conditions. Borrowing requirements of the Group's companies are coordinated by the Group's central finance department in order to achieve consistency between financial resources and management plans, to manage net trade positions and maintain the level of risk exposure within the Group's prescribed limits. The Group's approach toward funding risk is aimed at securing competitive financing and ensuring a balance between average maturity of funding, flexibility and diversification of sources.

However, these measures may not be sufficient to protect the Group fully from such risk and, in addition to the impact of market conditions, the ability of the Group to obtain new sources of funding may be affected by contractual provisions of existing financings, such as:

- change of control clauses, requiring the Group to remain under the control of local authorities;
- clauses such as negative pledges that restrict the security that can be given to other lenders; and
- financial covenants restricting the amount of indebtedness that the Group may incur.

If insufficient sources of financing are available in the future for any reason, the Group may be unable to meet its funding requirements, which could materially and adversely affect its financial condition and results of operations, and its ability to fulfil its obligations under the Notes.

Risks relating to interest rate fluctuation

The Group is exposed to the risk of interest rate fluctuation, in particular arising under its financial indebtedness. This varies according to the fixed or floating interest rate structure in place. As at 31 December 2014, 39.4% of the Group's financial debt (consisting of bank loans, shareholders' loans, bonds and payables to leasing companies) carried a fixed rate of interest whereas 60.6% of the Group's net debt carried a floating rate of interest. In order to hedge its cash flow and to maintain a balance between debt carrying a floating rate of interest and debt carrying a fixed rate of interest, the Group has entered into hedging agreements with financial counterparties and various medium and long term loans carrying either a fixed rate or a floating rate of interest. There can be no assurance that the hedging policy adopted by the Group, which is designed to minimise any losses arising from interest rate fluctuation (by converting floating rate indebtedness into fixed rate indebtedness) will actually reduce such losses. To the extent that it does not, this could adversely affect the business,

results of operations and financial condition of the Group and, as a result, the Issuer's ability to repay the Notes.

Risks relating to credit management

The Group is exposed to the risk that its receivables will not be paid by customers as they fall due, in particular in the natural gas and electricity sales business. As at 31 December 2014 and 2013, the Group's receivables amounted to approximately €276 million and €262 million respectively. The Group has a central credit policy in place for assessing customers' and other financial counterparties' credit standing, monitoring predicted credit collection flows, issuing payment reminders, extending payment deadlines in certain circumstances, requesting bank or insurance guarantees, assigning credits to credit management companies and implementing suitable recovery steps (including legal proceedings). In addition, provisions for bad debt to cover the potential non-payment of the Group's receivables amounted to €23.4 million as at 31 December 2014 and €27.2 million as at 31 December 2013.

Notwithstanding the foregoing, there can be no assurance that the steps taken by the Group to manage and monitor credit risks are effective to limit the Group's exposure to losses, which could adversely affect the business, results of operations and financial condition of the Group.

Risks relating to fluctuations in the prices of energy commodities

The Group is exposed to the risk of fluctuations in the prices of the energy commodities it handles, in particular electricity and natural gas. These fluctuations directly and indirectly affect the Group's results through indexing mechanisms contained in pricing formulas. Moreover, because some of the above-mentioned commodity prices are quoted in U.S. dollars, the Group is also exposed to the risk of exchange rates.

In order to manage its exposure to the energy markets, the Group implements appropriate hedging activities to stabilise cash flows generated by the global portfolio of assets and contracts and to protect the Group's operating margin from fluctuations attributable to market risk and foreign exchange risk inherent in the commodities in which it trades. Stabilisation of cash flows also serves the purpose of protecting the value of assets and of avoiding the need for write-downs caused by excessive market-price volatility.

Hedging is implemented on the basis of a cash flow hedging strategy and is carried out gradually over the year in response to market trends and changes in projections of assets and volumes of industrial portfolio, in order to reduce the risk profile within acceptable limits. As a policy, the Group seeks to minimise the use of financial hedging and to maximise the natural hedge offered by the vertical and horizontal integration of its different business operations. In this context, energy markets exposures are assessed through a netting process that offsets opposite market risks within the Group's global portfolio.

In order to manage residual market risk, the Group uses approved financial derivatives traded on organised markets and over the counter (swaps, forward, contracts for differences and options) with the underlying commodities being crude oil, refined products, electricity and emission credits. Such derivatives are evaluated at fair value on the basis of market prices provided from specialist sources or, in the absence of liquid market prices, on the basis of estimates provided by brokers or suitable evaluation techniques.

The Group gives no assurance that the measures adopted by it to manage the price fluctuation of the commodities it handles are adequate, or that in the future it will be able to continue to rely on hedging arrangements. This could adversely affect the business, results of operations and financial condition of the Group and, as a result, the Issuer's ability to repay the Notes.

Risks relating to legal proceedings or investigations by the authorities

The Group is a defendant in a number of legal proceedings (see "*Description of the Issuer – Legal Proceedings*" below). The Issuer made provision in its consolidated financial statements for legal proceedings which amounted to €3.3 million as at 31 December 2014. The Group may from time to time be subject to further litigation and to investigations by taxation and other authorities. The Group is 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. In addition, the Group may in future years incur significant losses, over and above the amounts already provisioned in its financial statements, from pending or future legal claims and proceedings owing to: (i) uncertainty regarding the final outcome of such proceedings, claims or investigations; (ii) the occurrence of new developments that management could not take into consideration when evaluating the likely outcome of such proceedings, claims or investigations; (iii) the emergence of new evidence and information; and (iv) the underestimation of likely future losses. Adverse outcomes in existing or future proceedings, claims or investigations could have an adverse effect on the business, financial condition and results of operations of the Issuer.

Risks relating to insurance coverage

The Group maintains insurance coverage in an amount it believes appropriate to protect itself against a variety of exposures and risks, such as property damage, business interruption and personal injury claims. However, there can be no assurance that: (i) the Group will be able to maintain the same insurance cover in the future (on acceptable terms or at all); (ii) claims will not exceed the amount of cover or fall outside the scope of the risks insured under the relevant policy; (iii) insurers will at all times be able to meet their obligations; or (iv) the Group's provisions for uninsured or uncovered losses will be sufficient to cover the full amount of any liabilities ultimately incurred.

Risks relating to skills and expertise of the Group's employees

The Group's ability to operate its business effectively depends on the skills and expertise of its employees. If the Group loses any of its key personnel or is unable to recruit, retain and/or replace sufficiently qualified and skilled personnel, it may be unable to implement its business strategy. This could adversely affect the business, results of operations and financial condition of the Group and, as a result, the Issuer's ability to repay the Notes.

Risks relating to potential disputes with employees

Disputes with the Group's employees may arise both in the ordinary course of the Group's business or from one-off events, such as mergers and acquisitions or as a result of employees moving to an incoming concession holder upon the expiry or termination of a concession held by the Group. Any material dispute could give rise to difficulties in supplying customers and maintaining its networks, which could in turn lead to a loss of revenues and prevent the Group from implementing its business strategy. This could adversely affect the business, results of operations and financial condition of the Group and, as a result, the Issuer's ability to repay the Notes.

Risks relating to potential breach of laws and regulations by employees and operational risk

There is a risk that the Group's employees may breach anti-bribery legislation, the Group's internal policies or governance regulations. This could adversely affect the business, results of operations and financial condition of the Group and, as a result, the Issuer's ability to repay the Notes. In addition, the Issuer and the Group are exposed to different types of operational risk, including the risk of fraud by employees and third parties, the risk of unauthorised transactions performed by employees or the risk of operational errors, including those resulting from defects or malfunctions of computer or telecommunications systems. The systems adopted for operational risk management are designed to ensure that the risks related to the Group's activities are kept under adequate control. Any inconvenience or defect of such systems could adversely affect the financial position and results of

operations of the Issuer and the Group. These factors, particularly in times of economic and financial crisis, could lead the Issuer or the Group to incur losses, increases in financing costs and/or reductions in the value of their assets, with a potential negative impact on the liquidity or the balance sheet of the Group and the Issuer.

Risk relating to any breaches of the organisation and management model

Legislative Decree No. 231/2001 (“**Decree 231/2001**”) imposes direct liability on a company for certain unlawful actions taken by its executives, directors, agents and/or employees. The list of offences under Decree 231/2001 currently covers, among other things, bribery, theft of public funds, unlawful influence of public officials, corporate crimes (such as false accounting), fraudulent acts and market abuse, as well as health and safety and environmental hazards. In order to reduce the risk of liability arising under Decree 231/2001, the Group has adopted an organisation, management and supervision model (the “**Model**”) to ensure the fairness and transparency of its business operations and corporate activities and provide guidelines to its management and employees to prevent them from committing offences. The Group has also appointed a supervisory body to oversee the functioning and updating of, and compliance with, the Model.

Notwithstanding the adoption of these measures, the Group could still be found liable for the unlawful actions of its officers or employees if, in the relevant authority’s opinion, Decree 231/2001 has not been complied with. This could lead to a suspension or revocation of concessions currently held by the Group, a ban from participating in future tenders and/or an imposition of fines and other penalties, all of which could adversely affect the business, results of operations and financial condition of the Group and, as a result, the Issuer’s ability to repay the Notes.

Risks relating to management control systems

The Group has a periodic reporting system in place which produces the reports the management team requires to carry out its activities and take strategic and operational decisions. The Group believes that this reporting system is currently adequate to allow its management team to make informed assessments of the Group’s financial position and prospects. Nonetheless, the Group intends to continue improving the reporting system in order to achieve better integration and automation of the reports produced by it, reduce the risk of error and increase the speed of the flow of information.

Should the Group fail to implement the reporting system successfully, it may face the risk of data entry errors, which could mean that its management team is not properly informed of any issues which require prompt intervention, adversely affecting the business, results of operations and financial condition of the Group and, as a result, the Issuer’s ability to repay the Notes.

Risks relating to IT systems

The Group’s operations are supported by complex IT systems. Risks could arise if the Group were no longer able to ensure the availability or adequacy of these systems and the integrity and confidentiality of data and information and there can be no assurance that serious system failures, network disruptions or breaches in security will not occur. Any such failure, disruption or breach could adversely affect the business, results of operations and financial condition of the Group and, as a result, the Issuer’s ability to repay the Notes.

Risks relating to environmental expenses and liabilities

Risks of environmental and health and safety accidents and liabilities are inherent in many of the Group’s operations. Although the Group has adopted operational policies and standards to ensure the safety of its operations, there is a risk that accidents such as blowouts, spillover, contamination and similar events may occur, resulting in damage or harm to the environment, employees and/or local communities.

The Group has made provision for existing environmental expenses and liabilities. However, the Group may incur additional significant environmental expenses and liabilities due to (i) unforeseen contamination, (ii) the results of ongoing surveys or future surveys on the contamination of certain of the Group's industrial sites as required under applicable regulations and (iii) the possibility that legal proceedings may be commenced against the Group in relation to such matters. Any increase in costs could adversely affect the business, results of operations and financial condition of the Group and, as a result, the Issuer's ability to repay the Notes.

Risks relating to white certificates

Under the applicable legislation, the Group must achieve certain annual targets for energy saving, as determined by the decree of the Ministry of Economic Development for the four years from 2013 to 2016. For this purpose, the Group invests in the improvement of the energy efficiency of the technology and equipment it uses, in order to be granted so called "white certificates". If the Group is unable to obtain a sufficient number of "white certificates" to achieve the relevant annual target, it will need to purchase them on the market. Furthermore, if it then fails to deliver the required number of "white certificates" to the AEEGSI, it will be subject to a penalty imposed by the AEEGSI, in addition to having to purchase the missing number of "white certificates".

The Group, in order to comply with its energy saving obligations, intends to produce "white certificates" directly, and to buy them on the market only if it produces an insufficient number to meet the annual target. If the number of "white certificates" directly produced by the Group are lower than expected and/or if the price of "white certificates" increases in the future, the Group will incur higher costs, which could adversely affect the business, results of operations and financial condition of the Group and, as a result, the Issuer's ability to repay the Notes.

Risks relating to the difficult conditions in the global financial markets and in the economy in general

Although a global economic recovery has been recorded in recent years, various concerns remain regarding the ability of certain EU member states and other countries like the United States to service their sovereign debt obligations. The significant economic stagnation in certain countries in the Eurozone, especially Greece, Italy, Portugal, Spain, Slovenia and Cyprus in part due to the effects of the sovereign debt crisis and corresponding austerity measures in these markets, has added to these concerns. The measures so far implemented to reduce public debt and fiscal deficits have already resulted in lower or negative GDP growth and high unemployment rates in these countries. If the fiscal obligations of these or other countries continue to exceed their fiscal revenue, taking into account the reactions of the credit and swap markets, or if their banking systems further destabilise, the ability of such countries to service their debt in a cost efficient manner could be impaired.

The continued uncertainty over the outcome of various international financial support programmes, the possibility that other countries might experience similar financial pressures, investor concerns about inadequate liquidity or unfavourable volatility in the capital markets, lower consumer spending, higher inflation or political instability could further disrupt the global financial markets and might adversely affect the economy in general. In addition, the risk remains that a default of one or more countries in the Eurozone, the extent and precise nature of which are impossible to predict, could lead to the expulsion or voluntary withdrawal of one or more countries from the Eurozone or a disorderly break-up of the Eurozone, either of which could significantly disrupt financial markets and possibly trigger another global recession. All of these risks could adversely affect the business, results of operations and financial condition of the Group, and, as a result, the Issuer's ability to repay the Notes.

Risk relating to the Notes

The Notes are fixed rate securities and are vulnerable to fluctuations in market interest rates

The Notes will carry fixed interest. A holder of a security with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital markets (the "**Market Interest Rate**"). While the nominal interest rate of a security with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such security moves in the opposite direction. If the Market Interest Rate increases, the price of such security typically falls whereas, if the Market Interest Rate falls, its price typically increases, in each case until the yield of such security is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate could adversely affect the market price of the Notes.

The Notes and the Guarantee are unsecured

The Notes and the Guarantee constitute unsecured obligations, respectively, of the Issuer and the Guarantor and, save as provided in Condition 4(c) (*Negative Pledge*), do not contain any restriction on the giving of security by the Issuer, the Guarantor and the Issuer's other Subsidiaries over present and future indebtedness. Where security has been granted over assets of the Issuer and/or the Guarantor to secure indebtedness, in the event of any insolvency or winding-up of the Issuer and/or the Guarantor, such indebtedness will, in respect of such assets, rank in priority over the Notes and (as the case may be) the Guarantor and the other unsecured indebtedness of the Issuer and/or the Guarantor.

The claims of Noteholders are structurally subordinated with respect to the Issuer's subsidiaries other than the Guarantor

A significant part of the operations of the Group are conducted through subsidiaries of the Issuer, including (but not limited to) the Guarantor. Noteholders will not have a claim against any subsidiaries of the Issuer other than the Guarantor and the assets of those subsidiaries will be subject to prior claims by their creditors, regardless of whether such creditors are secured or unsecured.

The Guarantee is limited and may be subject to certain defences that may affect its validity and enforceability

The Guarantee provides Noteholders with a direct claim against the Guarantor in respect of the Issuer's obligations under the Notes. However, enforcement of the Guarantee would be subject to certain generally available defences in Italy, including those relating to corporate benefit, fraudulent conveyance or transfer, voidable preference, corporate purpose, and capital maintenance or similar laws, as well as regulations or defences which affect the rights of creditors generally. If a court were to find the Guarantee void or unenforceable as a result of provisions under Italian law, Noteholders would cease to have any claim against the Guarantor and would be creditors solely of the Issuer.

Furthermore, in order to comply with provisions under Italian law, the Guarantor is capped at an amount which is the aggregate of (i) 150 per cent. of the aggregate principal amount of the outstanding Notes and (ii) 150 per cent. of the interest on the Notes accrued but not paid, in each case as at any date on which the Guarantor's liability under this Deed of Guarantee falls to be determined.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of any investment in the light of its own circumstances. In particular, each potential investor should:

- (i) have 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 Prospectus;
- (ii) have 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 that the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The Notes may be redeemed 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. 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 comparable securities offering a yield as high as that of the Notes.

The exercise of a put option by Noteholders following a Change of Control may adversely affect the Issuer's financial position

Upon the occurrence of certain change of control events relating to the Issuer, as set out in Condition 7(c) (*Redemption and Purchase - Redemption at the option of Noteholders upon a Change of Control*), the Noteholders will have the right to require the Issuer to redeem all outstanding Notes at their principal amount. However, it is possible that the Issuer will not have sufficient funds at the time of the change of control to make the required redemption of Notes. If there are not sufficient funds for the redemption, Noteholders may receive less than the principal amount of the Notes if they elect to exercise such right. Furthermore, if such provisions were exercised by the Noteholders, this might adversely affect the Issuer's financial position.

Investors must rely on the procedures of the clearing systems

The Notes will be deposited with a common safekeeper for Euroclear and Clearstream (the "ICSDs"). Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive Definitive Notes. While the Notes are represented by one or more Global Notes, the ICSDs will maintain records of the beneficial interests in the Global Notes and investors will be able to trade their beneficial interests only through the ICSDs. Similarly, the Issuer will discharge its payment obligations under the Notes by making payments to the ICSDs for distribution to their accountholders and has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests

in the Global Notes. A holder of a beneficial interest in a Global Note must therefore rely on the procedures of the ICSDs to receive payments under the relevant Notes.

In addition, 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 the ICSDs to appoint appropriate proxies.

Minimum denomination of the Notes

The Notes will be issued in denominations of €100,000 or higher integral multiples of €1,000, up to and including a maximum denomination of €199,000. Although Notes cannot be traded in amounts of less than their minimum denomination of €100,000, they may nonetheless be traded in amounts that will result in a Noteholder holding a principal amount of less than €100,000. Any such principal amount would not be tradeable while the Notes are in the form of a Global Note and, if definitive Notes were issued, such Noteholder would not receive a definitive Note in respect of its holding and, consequently, would need to purchase a principal amount of Notes so as to increase such holding to €100,000. If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of €100,000 may be illiquid and difficult to trade.

Payments in respect of the Notes may in certain circumstances be made subject to withholding or deduction of tax

All payments in respect of Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, the Issuer will pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. The Issuer's obligation to gross up is, however, subject to a number of exceptions, including in particular withholding or deduction of:

- (i) Italian substitute tax (*imposta sostitutiva*), pursuant to Italian Legislative Decree No. 239 of 1 April 1996; and
- (ii) withholding tax operated in certain EU Member States pursuant to EC Council Directive 2003/48/EC and similar measures agreed with the European Union by certain non-EU countries and territories.

Prospective purchasers of Notes should consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any national, regional or local tax laws of any country or territory. See also the section of this Prospectus entitled "*Taxation*".

FATCA may affect payments made in respect of the Notes

The Issuer and other non-U.S. financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2016 if the Notes are materially modified on or after the date that is six months after the date on which Treasury Regulations that define the term "foreign passthru payment" are filed with the Federal Register (such date, the "**Grandfathering Date**") pursuant to the foreign account provisions ("**FATCA**") of the Hiring Incentives to Restore Employment Act of 2010. Treasury Regulations that define the term "foreign passthru payments" have not been filed in the Federal Register as of the date of this Prospectus.

The United States has entered into a Model 1 intergovernmental agreement regarding the implementation of FATCA with Italy (the IGA). Under the IGA, as currently drafted, withholding on "foreign passthru payments" (which may include payments on the Notes) by the Issuer is not currently required but may be imposed in the future if the Issuer were treated as a non-U.S. financial institution

under the IGA and either the IGA were amended to require withholding on foreign passthru payments or any non-U.S. financial institution that serves as a paying agent or other intermediary with respect to payments made on the Notes is required in the future to withhold under FATCA on any “foreign passthru payments” made on the Notes. In addition, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Notes in the future. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, the IGA or Italian law implementing the IGA, none of the Issuer, any paying agent or any other person would, pursuant to the Terms and Conditions of the Notes be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Holders of the Notes should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND THE HOLDERS IS UNCERTAIN AT THIS TIME. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

The tax regime applicable to the Notes is subject to a listing requirement

No assurance can be given that the Notes will be listed or that, once listed, the listing will be maintained or that such listing will satisfy the listing requirement under Article 32(8) of Law Decree No. 83 of 22 June 2012 and Decree No. 239 in order for the Notes to be eligible to benefit from the provisions of such legislation relating to deductibility of interest expense and exemption from the requirement to apply withholding tax. If the Notes are not listed or that listing requirement is not satisfied, the ability of the Issuer to deduct interest expense related to the Notes could be adversely affected. In addition, in such circumstances, payments of interest, premium and other income with respect to the Notes would be subject to a withholding tax currently at a rate of 26 per cent. and the Issuer would be required to pay additional amounts with respect to such withholding taxes such that Noteholders receive a net amount that is not less than the amount that they would have received in the absence of such withholding.

No assurance can be given that the Italian tax authorities will not interpret the applicable legislation to require that listing be effective at closing or that listing can be achieved by the Issue Date. The possible limitation on the deductibility of interest expense and the imposition of withholding taxes with respect to payments on the Notes and the resulting obligation to pay additional amounts to holders of Notes could have a material adverse effect on the Issuer’s financial condition and results of operations.

Change of law or administrative practice

The conditions of the Notes are based on English law in effect as at the date of this Prospectus, although certain provisions relating to the Notes are subject to compliance with certain mandatory provisions of Italian law, such as those applicable to Noteholders’ meetings and to the appointment and role of the Noteholders’ representative (*rappresentante comune*). No assurance can be given as to the impact of any possible judicial decision or change to English or Italian law or administrative practice after the date of this Prospectus. See also “*Noteholders’ meeting provisions may change by operation of law or because of changes in the Issuer’s circumstances*” below.

Decisions at Noteholders' meetings bind all Noteholders

Provisions for calling meetings of Noteholders are contained in the Agency Agreement and summarised in Condition 14(a) (*Meetings of Noteholders*). Noteholders' meetings may be called to consider matters affecting Noteholders' interests generally, including modifications to the terms and conditions relating to the Notes. These provisions permit defined majorities to bind all Noteholders, including those who did not attend and vote at the relevant meeting or who voted against the majority. Any such modifications to the Notes (which 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) may have an adverse impact on Noteholders' rights and on the market value of the Notes.

Noteholders' meeting provisions may change by operation of law or because of changes in the Issuer's circumstances

As mentioned in “– *Change of law or administrative practice*” above, the provisions relating to Noteholders' meetings (including quorums and voting majorities) are subject to compliance with certain mandatory provisions of Italian law, which may change during the life of the Notes. In addition, as currently drafted, the rules concerning Noteholders' meetings are intended to follow mandatory provisions of Italian law that apply to Noteholders' meetings where the issuer is an Italian unlisted company. As at the date of this Prospectus, the Issuer is an unlisted company but, if its shares were listed on a securities market while the Notes are still outstanding, then the mandatory provisions of Italian law that apply to Noteholders' meetings would be different (particularly in relation to the rules relating to the calling of meetings, participation by Noteholders at meetings, quorums and voting majorities). In addition, certain Noteholders' meeting provisions could change as a result of amendments to the Issuer's By-laws. Accordingly, Noteholders should not assume that the provisions relating to Noteholders' meetings contained in the Agency Agreement and summarised in the Conditions will correctly reflect mandatory provisions of Italian law applicable to Noteholders' meetings at any future date during the life of the Notes.

Risks related to the market generally

Set out below is a brief description of the principal market risks.

There is no active trading market for the Notes and one cannot be assured

Application has been made for the Notes to be admitted to the official list of the Irish Stock Exchange and to trading on its Global Exchange Market. The Notes are new securities for which there is currently no market. There can be no assurance as to the liquidity of any market that may develop for the Notes, which will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and a number of other factors. In an illiquid market, the Noteholders might not be able to sell their Notes or to do so at fair market prices. There can be no assurance that an active trading market for the Notes will develop or, if one does develop, that it will be maintained. If an active trading market does not develop or cannot be maintained, this could have a material adverse effect on the liquidity and trading prices for the Notes.

The liquidity and market value of the Notes may also be significantly affected by factors such as variations in the Group's annual and interim results of operations, news announcements or changes in general market conditions. In addition, broad market fluctuations and general economic and political conditions may adversely affect the market value of the Notes, regardless of the actual performance of the Group.

Delisting of the Notes

Application has been made for the Notes to be admitted to the official list of the Irish Stock Exchange and to trading on its Global Exchange Market. The 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. See also "*The tax regime applicable to the Notes is subject to a listing requirement*" above.

Transfers of the Notes may be restricted, which may adversely affect the secondary market liquidity and/or trading prices of the Notes

The ability to transfer the Notes may also be restricted by securities laws or regulations of certain countries or regulatory bodies. The Notes have not been, and will not be, registered under the Securities Act or any state securities laws in the U.S. or the securities laws of any other jurisdiction. Noteholders may not offer the Notes in the United States to or for the account or benefit of a U.S. person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. It is the obligation of each Noteholder to ensure that offers and sales of Notes comply with all applicable securities laws. In addition, transfers to certain persons in certain other jurisdictions may be limited by law, or may result in the imposition of penalties or liability. For a description of restrictions which may be applicable to transfers of the Notes, see "*Subscription and Sale*".

The Notes are not rated and credit ratings may not reflect all risks

Neither the Notes nor the long-term debt of the Issuer are rated. To the extent that any credit rating agencies assign credit ratings to the Notes or any other senior unsecured indebtedness of the Issuer at any future date, such 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 or the absence of a rating is not a recommendation to buy, sell or hold Notes and may be revised, withdrawn or suspended by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal 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 (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to the 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.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in Euro. 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 Euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of the Euro 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 Euro would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

INFORMATION INCORPORATED BY REFERENCE

The following information is incorporated in, and forms part of, this Prospectus:

- (i) the audited consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2014 and 2013; and
- (ii) the audited non-consolidated annual financial statements of the Guarantor as at and for the year ended 31 December 2014 and its unaudited non-consolidated annual financial statements as at and for the period ended 31 December 2013,

in each case together with the accompanying notes and (where applicable) external auditors' report.

Access to documents

The above documents have been previously filed with the Irish Stock Exchange and can be accessed at the following addresses on the Issuer's website:

- consolidated annual financial statements of the Issuer as at 31 December 2014:
<https://cloud.estraspa.it/inline/f76a73d3-dcdf-4d67-9e67-d6a7aba6e074.side>
- consolidated annual financial statements of the Issuer as at 31 December 2013:
<https://cloud.estraspa.it/inline/2943b928-68bf-4732-9b13-304d70c0a60e.side>
- annual financial statements of the Guarantor as at 31 December 2014:
<https://cloud.estraspa.it/inline/277715e0-8887-46f1-a3a7-9c8f06ccd994.side>
- annual financial statements of the Guarantor as at 31 December 2013:
<https://cloud.estraspa.it/inline/b56620a5-0167-4bf5-8a54-f5193e55b0de.side>

In addition, the Issuer will provide, without charge to each person to whom a copy of this Prospectus has been delivered, upon the request of such person, a copy of any or all the documents containing information incorporated by reference herein. Requests for such documents should be directed to the Issuer at its offices set out at the end of this Prospectus. Such documents will also be available, without charge, at the specified office of the Fiscal Agent.

Cross-reference list

The following table shows where the information incorporated by reference in this Prospectus can be found in the above-mentioned documents.

Consolidated annual financial statements of the Issuer

Section	Page number(s)	
	2014	2013
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TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes, which (subject to completion and amendment) will be endorsed on each Note in definitive form. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to Notes in definitive form to the extent described in the next section of this Prospectus entitled "Summary of Provisions relating to the Notes in Global Form".

The €100,000,000 3.75 per cent. Guaranteed Notes due 2022 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 15 (*Further Issues*) and forming a single series therewith) of E.s.tr.a. S.p.A. Energia Servizi Territorio Ambiente (the "**Issuer**") are guaranteed by Centria S.r.l. (the "**Guarantor**") pursuant to a deed of guarantee dated 13 July 2015 (as amended or supplemented from time to time, the "**Deed of Guarantee**") and are the subject of a fiscal agency agreement dated 13 July 2015 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the Guarantor and BNP Paribas Securities Services, Luxembourg Branch, as fiscal agent (in such capacity, the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and as paying agent (in such capacity, the "**Paying Agent**" and, together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). Certain provisions of these Conditions are summaries of the Agency Agreement and subject to its detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Guarantee applicable to them. Copies of the Agency Agreement and the Deed of Guarantee are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

1. Definitions and Interpretation

(a) Definitions

In these Conditions:

"**acting in concert**" means, in relation to two or more Persons, any event or circumstances whereby, pursuant to an agreement, arrangement or understanding (whether formal or informal), such Persons co-operate, through the acquisition or holding of voting rights exercisable at a shareholders' or equivalent meeting of the Issuer by any of them, either directly or indirectly, for the purposes of obtaining or consolidating control of the Issuer;

"**Affiliate**" means, at any time, and with respect to any Person (the "**first Person**"), any other Person that at such time directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the first Person;

"**Aggregated Regulatory Asset Base**" means the sum of (i) Regulatory Asset Base and (ii) Relevant Concession Costs, in each case as at the Determination Date;

"**Business Day**" means:

- (i) for the purposes of Condition 7(c) (*Redemption at the option of Noteholders upon a Change of Control*), a TARGET Settlement Day; or
- (ii) for any other purpose:

- (A) in relation to any place, 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 that place; or
- (B) in the case of payment by credit or transfer to a Euro account, a TARGET Settlement Day;

"Calculation Amount" means €1,000 in principal amount of Notes;

"Certification Date" means a date falling not later than 45 days after the approval by the Issuer's Board of Directors (or equivalent body) of the relevant consolidated financial statements and, in any event, no later than six months after the end of the Financial Period;

a **"Change of Control"** means any event or circumstance in which any Person or Persons acting in concert (in each case, other than one or more Permitted Holders), together with any of their Affiliates, has or gains control of the Issuer;

"Change of Control Notice" means a notice from the Issuer to Noteholders describing the relevant Change of Control and indicating the start and end dates of the relevant Change of Control Notice Period and the Put Option Redemption Date;

"Change of Control Notice Period" means, in respect of any Change of Control, a period of 20 Business Days following the date on which the relevant Change of Control Notice is given to the Noteholders in accordance with Condition 16 (*Notices*);

"Compliance Certificate" means a certificate of the Issuer duly signed by two directors or by a director and the Chief Financial Officer of the Issuer, substantially in the form annexed to the Agency Agreement, confirming as at the Certification Date:

- (i) the number of shares held by Permitted Holders (as far as the Issuer is aware) and the percentage of the Issuer's share capital (excluding treasury shares) represented by such shares;
- (ii) which of the Subsidiaries of the Issuer are Material Subsidiaries;
- (iii) that its audited consolidated financial statements in respect of the last Financial Period give a true and fair view of the financial condition of the Group as at the end of such Financial Period and of the results of its operations during such period;
- (iv) that it is in compliance with the covenants contained in Condition 5(a) (*Limitation on indebtedness*), setting out the amount of the Issuer's Net Financial Debt, Shareholders' Equity and Aggregated Regulatory Asset Base as at the Determination Date and its Consolidated EBITDA for the Financial Period; and
- (v) to the best of the Issuer's knowledge, having made all due enquiry, that there have been no events, developments or circumstances that would materially affect its ability to certify such compliance on the basis of the Group's financial condition as at the Certification Date and its results of operations since the Determination Date;

"Consolidated EBITDA" means, in respect of any Financial Period, the consolidated operating profit before taxation of the relevant entity, before deducting any financial income and charges (including income from investments in subsidiaries, other financial income, interest and other financial expenses and gains and losses on currency conversions in relation thereto), value adjustments of financial assets (including revaluations or write downs of equity, long-term and short-term investments) or extraordinary income and charges (including income deriving from gains on disposals and sundry and charges relating to losses on disposals, taxation of previous tax years and sundry) (calculated on a consolidated basis) in respect of that Financial Period

and adding back amortisation of intangible and tangible fixed assets and other write-downs of fixed assets, provisions for receivables' impairment included in working capital and cash and cash equivalents, in each case as recorded in the consolidated income statement of the relevant entity;

"control" means, for all purposes in connection with Condition 7(c) (*Redemption at the option of Noteholders upon a Change of Control*):

- (i) in respect of a Person which is a company or a corporation:
 - (A) the acquisition and/or holding of more than 50 per cent. of the share capital of such Person; or
 - (B) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
 - (1) cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a shareholders' or equivalent meeting of such Person; or
 - (2) appoint or remove all or a majority of the members of its Board of Directors (or other equivalent body) of such Person; or
- (ii) in respect of any other Person (other than a company or a corporation), the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting rights, by contract or otherwise,

and the expressions **"controlling"**, **"controlled"** and **"controlled by"** shall be construed accordingly;

"Day Count Fraction" means (i) the actual number of days in the period from and including the date from which interest begins to accrue (the **"Accrual Date"**) to but excluding the date on which it falls due divided by (ii) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date;

"Determination Date" means the last day of the Issuer's financial year;

"Extraordinary Resolution" has the meaning given to it in the Agency Agreement;

"Financial Period" means each period of 12 months ending on the Determination Date, the first such period being the 12-month period ending 31 December 2015;

"Group" means the Issuer and its Subsidiaries (taken as a whole);

"Guarantee" has the meaning given to it in Condition 3 (*Guarantee*);

"Indebtedness" means any indebtedness (whether being principal, premium or interest) of any Person for or in respect of money borrowed or raised, including (without limitation) any indebtedness for or in respect of amounts raised under any transaction (including, without limitation, any forward sale or purchase agreement) having substantially the same commercial effect as borrowing;

"Interest Payment Date" means 13 July in each year;

"Intermediate Holding Company" means a Subsidiary of the Issuer which itself has Subsidiaries;

"Issue Date" means 13 July 2015;

"Material Subsidiary" means, at any time, any Subsidiary of the Issuer which (consolidated with its own Subsidiaries, if any) accounts for 10 per cent. or more of the Group's Consolidated EBITDA, consolidated total revenues or consolidated total assets and, for these purposes:

- (i) the Group's Consolidated EBITDA, consolidated total revenues or consolidated total assets will be determined by reference to its then latest audited consolidated annual financial statements (the **"Relevant Consolidated Financial Statements"**); and
- (ii) the EBITDA, total revenues or total assets of each Subsidiary will be determined by reference to the annual financial statements (whether or not audited) of such Subsidiary and those of its own Subsidiaries (if any), in each case upon which the relevant consolidated financial statements of the Issuer have been based,

provided that: (A) if a Person has become a Subsidiary of the Issuer after the date on which the Relevant Consolidated Financial Statements have been prepared, the EBITDA, total revenues or total assets of that Subsidiary will be determined by reference to its latest annual financial statements (whether or not audited) and will be consolidated if that Subsidiary itself has Subsidiaries; (B) the Relevant Consolidated Financial Statements and the corresponding financial statements of each relevant Subsidiary will be adjusted (where appropriate) to reflect fairly the EBITDA, total revenues or total assets of, or represented by, any Person, business or assets subsequently acquired or disposed of; and (C) where an Intermediate Holding Company has one or more Subsidiaries at least one of which, under this definition, is a Material Subsidiary, then such Intermediate Holding Company will be deemed to be a Material Subsidiary;

"Milan Business Day" means a day on which commercial banks are open for general business in Milan;

"Net Financial Debt" means the sum of the following items, calculated on a consolidated basis:

- (i) total non-current financial liabilities; plus
- (ii) total current financial liabilities; plus
- (iii) total financial liabilities for leases; plus
- (iv) the amount (being the amount financed) under factoring or securitisation programmes over trade receivables on a *pro solvendo* (with recourse) basis; less
- (v) available cash (*disponibilità finanziarie*) and cash equivalents (where **"cash equivalents"** means cash at banks and all assets that can be liquidated within three months); less
- (vi) other financial assets represented by Italian government bonds and bonds with an investment grade rating; less
- (vii) liabilities under shareholder loans, provided that such liabilities are subordinated to the Notes,

in each case, as shown in, or determined by reference to, the relevant entity's latest audited consolidated annual financial statements;

"Net Financial Debt-EBITDA Ratio" means the ratio of (i) Net Financial Debt as at the Determination Date to (ii) Consolidated EBITDA for the Financial Period;

"Net Financial Debt-Aggregated Regulatory Asset Base Ratio" means the ratio of (i) Net Financial Debt to (ii) Aggregated Regulatory Asset Base, in each case as at the Determination Date;

"Net Financial Debt-Shareholders' Equity Ratio" means the ratio of (i) Net Financial Debt to (ii) Shareholders' Equity, in each case as at the Determination Date;

"Permitted Concession Handover" means any cessation of business by the Issuer, the Guarantor or any Material Subsidiary relating to any Relevant Concession operated by it, whereby such Relevant Concession expires and, following a competitive tender process in which the Issuer, Guarantor or such Material Subsidiary has participated in good faith, is awarded to a third party;

"Permitted Disposal" any sale, transfer, contribution, assignment, lease or disposal on arm's length terms by the Issuer, the Guarantor or a Material Subsidiary of any Substantial Part (but not all or substantially all) of its business, assets and/or undertaking that is certified by the Issuer's Board of Directors (or equivalent body) to be at fair market value;

"Permitted Holders" means:

- (i) the municipalities or provinces in the Republic of Italy holding an equity interest in the share capital of the Issuer as at 9 July 2015, either directly or indirectly through one or more intermediate persons (including any consortiums incorporated pursuant to Article 31 of Legislative Decree No. 267 of 18 August 2000); or
- (ii) any Person directly or indirectly controlled by any of the foregoing;

"Permitted Reorganisation" means any reorganisation, amalgamation, merger, demerger, consolidation, contribution in kind or restructuring or other similar transaction, in each case whilst solvent:

- (i) in the case of the Guarantor, whereby all or substantially all of the assets and undertaking of the Guarantor are transferred, sold, contributed, assigned or otherwise vested in an entity (the **"Resulting Entity"**) and the following conditions are satisfied:
 - (A) either (1) the Resulting Entity is a Subsidiary of the Issuer or (2) if it is not a Subsidiary of the Issuer, the Issuer holds at least (a) 20 per cent. of its share capital (if the Resulting Entity is not a company whose shares are admitted to trading on a regulated market of Borsa Italiana S.p.A. or another regulated market within the European Economic Area (a **"Listed Company"**)) or (b) 10 per cent. of its share capital (if the Resulting Entity is a Listed Company);
 - (B) the Resulting Entity assumes the obligations of the Guarantor under the Deed of Guarantee by operation of law, failing which it enters into a deed of guarantee on terms which are substantially identical to those contained in the Deed of Guarantee, a supplemental agency agreement and such other documents (if any) as are necessary to give effect to the substitution of the Resulting Entity for the Guarantor (the **"Relevant Documents"**);
 - (C) the Resulting Entity obtains opinions from legal advisers of recognised international standing as to matters of English law and the law of the jurisdiction of the Resulting Entity, in each case in a form consistent with the standards of Eurobond transactions, confirming that (1) the Relevant Documents represent legal, valid, binding and enforceable obligations of the Resulting Entity and (2) all actions, conditions and things required to be taken, fulfilled and done to ensure that such is the case (including any necessary approvals, consents, filings and/or registrations) have been taken, fulfilled and done, and such opinions are made available to Noteholders at the Specified Office of the Fiscal Agent;

- (D) the Resulting Entity subsequent to such transaction operates in the gas distribution sector; and
 - (E) upon completion of such transaction, the Resulting Entity would, on a pro forma basis and as calculated by reference to the then latest audited annual financial statements of the relevant entity, have a Net Financial Debt–EBITDA Ratio which is lower than 4.5 to 1.0, and a certificate of the Resulting Entity duly signed by two directors or by a director and the Chief Financial Officer of the Relevant Entity is made available to Noteholders at the Specified Office of the Fiscal Agent, confirming that such is the case;
- (ii) in the case of a Material Subsidiary other than the Guarantor, for the purposes of Conditions 10(g) (*Cessation of business*) and (h) (*Winding up, etc*), whereby all or substantially all of the business, assets and/or undertaking of such Material Subsidiary are transferred, sold, contributed, assigned or otherwise vested in the Issuer, the Guarantor and/or another Subsidiary of the Issuer; or
 - (iii) on terms previously approved by an Extraordinary Resolution of Noteholders;

"Permitted Security Interest" means:

- (i) any Security Interest arising by operation of law in the ordinary course of business of the Issuer or a Material Subsidiary, provided that such Security Interest is not (and does not become capable of being) enforced; or
- (ii) any Security Interest created by a Person which becomes a Material Subsidiary after the Issue Date, where such Security Interest already exists at the time that Person becomes a Material Subsidiary *provided that* (A) such Security Interest was not created in connection with or in contemplation of that Person becoming a Material Subsidiary, (B) the aggregate principal amount of Indebtedness secured by such Security Interest is not increased and no additional assets become subject to such Security Interest, in both cases either in connection with or in contemplation of that Person becoming a Material Subsidiary or at any time thereafter; or
- (iii) any Security Interest (a **"New Security Interest"**) created in substitution for any existing Security Interest permitted under paragraph (ii) above (an **"Existing Security Interest"**), *provided that* (A) the principal amount secured by the New Security Interest does not at any time exceed the principal amount secured by the Existing Security Interest, and (B) other than by reason of general market trends beyond the control of the Issuer, the value of the assets over which the New Security Interest subsists does not at any time exceed the value of the assets over which the Existing Security Interest subsisted; or
- (iv) any Security Interest created to secure Project Finance Indebtedness; or
- (v) any Security Interest which is created in connection with, or pursuant to, a securitisation or like arrangement whereby (i) the payment obligations in respect of the instruments representing the Relevant Indebtedness secured by the relevant Security Interest are to be discharged solely from the revenues generated by the assets over which such Security Interest is created (including, without limitation, receivables) and (ii) the holders of such instruments have no recourse in relation to such Relevant Indebtedness against any assets of any member of the Group;

"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" means the ownership, acquisition (in each case, in whole or in part), development, restructuring, leasing, maintenance and/or operation of an asset or assets, and the equity participations in a company holding such asset or assets;

"Project Finance Indebtedness" means any present or future Relevant Indebtedness represented by instruments issued by a Person (the **"relevant issuer"**) to finance or refinance a Project, whereby (A) the claims of the holders of such instruments (the **"relevant holders"**) against the relevant issuer are limited to (i) the amount of cash flow or net cash flow generated by and through the Project during the tenor of such Relevant Indebtedness and/or (ii) the amount of proceeds deriving from the enforcement of any Security Interest given by the relevant issuer over the Project to secure such Relevant Indebtedness and (B) the relevant holders have no recourse whatsoever against any assets of any member of the Group other than the Project and such Security Interest;

"Put Option Notice" means a notice from a Noteholder to the Issuer in a form obtainable from any Paying Agent and substantially in the form annexed to the Agency Agreement, stating that such Noteholder requires early redemption of all or some of its Notes pursuant to Condition 7(c) (*Redemption at the option of the Noteholders upon a Change of Control*);

"Put Option Receipt" means a receipt issued by a Paying Agent to a Noteholder depositing a Put Option Notice, substantially in the form annexed to the Agency Agreement;

"Put Option Redemption Date" means, in respect of any Change of Control, the date specified in the relevant Change of Control Notice by the Issuer, being a date not earlier than five nor later than 10 Business Days after expiry of the Change of Control Notice Period;

"Rate of Interest" means 3.75 per cent. per annum;

"Regulatory Asset Base" means the value of the net invested capital in distribution and metering assets of Relevant Concessions owned by the Issuer, its Subsidiaries and any other company in which the Issuer or any of its Subsidiaries has an equity interest at the Determination Date, as determined and/or approved by the Relevant Authority pursuant to the criteria, formulae and methods of calculation from time to time set forth under resolutions of the Relevant Authority implementing Article 14 of Legislative Decree No. 164 of 23 May 2000 (as amended, supplemented or re-enacted from time to time) or such other equivalent amount as may apply from time to time, *provided that*:

- (i) the amount as at a Determination Date shall be that initially determined and/or approved by the Relevant Authority prior to the next Certification Date in each Financial Year and any subsequent adjustment to that amount shall be disregarded; and
- (ii) the amount shall be the aggregate of the following amounts at the Determination Date:
 - (A) in the case of the Issuer on a standalone basis, 100 per cent. of the relevant amount;
 - (B) in the case of each of the Issuer's Subsidiaries, the relevant amount multiplied by the percentage applied to the financial position of the individual Subsidiary in the consolidation of the Issuer's financial statements for the purposes of calculating the Net Financial Debt; and
 - (C) in the case of any other company in which the Issuer or any of its Subsidiaries has an equity interest, the relevant amount multiplied by a percentage that reflects the proportion of the Issuer's interest in that company and, where any such equity interest is held by one or more Subsidiaries, after taking account of minority interests in any such Subsidiary and any Intermediate Holding Company;

"Relevant Authority" means the Italian Regulatory Authority for Electricity Gas and Water (*Autorità per l'Energia Elettrica il Gas e il Sistema Idrico*) or such other entity responsible from time to time for the determination or approval of the Regulatory Asset Base;

"Relevant Concession" means any concession, licence, franchise or similar rights awarded directly or indirectly by any local, provincial, regional, national or other government entity for the distribution of gas in the Republic of Italy;

"Relevant Concession Costs" means any capitalised cost or expenses, as set out in the latest financial statements of the relevant entity, incurred by the Issuer, its Subsidiaries or any other company in which the Issuer or any of its Subsidiaries has an equity interest in connection with the award of a Relevant Concession, *provided that* the amount of the Relevant Concession Costs shall be the aggregate of the following amounts at the Determination Date:

- (i) in the case of the Issuer on a standalone basis, 100 per cent. of the relevant amount;
- (ii) in the case of each of the Issuer's Subsidiaries, the relevant amount multiplied by the percentage applied to the financial position of the individual Subsidiary in the consolidation of the Issuer's financial statements for the purposes of calculating the Net Financial Debt; and
- (iii) in the case of any other company in which the Issuer or any of its Subsidiaries has an equity interest, the relevant amount multiplied by a percentage that reflects the proportion of the Issuer's interest in that company and, where any such equity interest is held by one or more Subsidiaries, after taking account of minority interests in any such Subsidiary and any Intermediate Holding Company;

"Relevant Date" means, in relation to any Note or Coupon, the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the holders of Notes in accordance with Condition 16 (*Notices*) that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, *provided that* payment is in fact made upon such presentation;

"Relevant Indebtedness" means any present or future Indebtedness which is in the form of, or represented by, any bond, note, debenture, certificate or other securities and which is, or is capable of being, traded, quoted, listed or dealt in on any stock exchange or any over-the-counter or other securities market;

"Reserved Matter" has the meaning given to it in the Agency Agreement and includes any proposal to modify the Terms and Conditions of the Notes falling within the scope of Article 2415 of the Italian Civil Code (including any proposal to modify the maturity of the Notes or the dates on which interest is payable on them, to reduce or cancel the principal amount of, or interest on, the Notes, or to change the currency of payment of the Notes);

"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 applicable jurisdiction;

"Shareholders' Equity" means the shareholders' equity of the Issuer, as shown in, or determined by reference to, the Group's latest audited consolidated annual financial statements, in each case less any dividends paid, declared, recommended or approved;

"Subsidiary" means, in respect of the Issuer at any particular time, any *società controllata*, as defined in Article 2359 of the Italian Civil Code;

a "**Substantial Part**" of any Person's business or assets means business or (as the case may be) assets representing the following percentages of the Group's Consolidated EBITDA or consolidated total assets:

- (i) in the case of Condition 10(g) (*Cessation of business*), 25 per cent. or more; or
- (ii) in all other cases, 10 per cent. or more,

in each case determined at any particular time by reference to the Group's then latest audited consolidated annual financial statements;

"**TARGET Settlement Day**" means any day on which the TARGET System is open for the settlement of payments in euro; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system (TARGET2).

(b) **Interpretation**

In these Conditions:

- (i) "**outstanding**" has the meaning given to it in the Agency Agreement;
- (ii) any reference to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under Condition 9 (*Taxation*); and
- (iii) any reference to the Notes includes (unless the context requires otherwise) any other securities issued pursuant to Condition 15 (*Further Issues*) and forming a single series with the Notes.

2. Form, Denomination and Title

The Notes are in bearer form in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000 with Coupons attached at the time of issue. Notes of one denomination will not be exchangeable for Notes of another denomination. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

3. Guarantee

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Notes and the Coupons, and its obligations in that respect (the "**Guarantee**") are contained in the Deed of Guarantee.

4. Status and Negative Pledge

(a) **Status of Notes**

The Notes and the Coupons constitute direct, general, unconditional and, subject to the provisions of Condition 4(c) (*Negative pledge*), unsecured obligations of the Issuer which will at all times rank *pari passu* without any preference among themselves and at least *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and

future, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) **Status of Guarantee**

The Guarantee constitutes direct, general, unconditional and, subject to the provisions of Condition 4(c) (*Negative pledge*), unsecured obligations of the Guarantor which will at all times rank at least *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(c) **Negative pledge**

So long as any Note remains outstanding, neither the Issuer nor the Guarantor shall, and the Issuer shall procure that none of its Material Subsidiaries will, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure (i) any Relevant Indebtedness or (ii) any guarantee and/or indemnity in relation to any Relevant Indebtedness, without (a) at the same time or prior thereto securing the Notes, the Coupons and the Guarantee equally and rateably therewith or (b) providing such other security for the Notes, the Coupons and the Guarantee as may be approved by an Extraordinary Resolution of Noteholders.

5. Covenants

(a) **Limitation on indebtedness**

So long as any Note remains outstanding, the Issuer shall ensure that, as of each Determination Date:

- (i) its Net Financial Debt-Shareholders' Equity Ratio is no more than 1.2 to 1.0;
- (ii) its Net Financial Debt-EBITDA Ratio is no more than 4.5 to 1.0; and
- (iii) its Net Financial Debt-Aggregated Regulatory Asset Base Ratio is no more than 0.85 to 1.0.

(b) **Certification**

So long as any Note remains outstanding, the financial ratios set out in Condition 5(a) (*Limitation on Indebtedness*) shall be tested as at each Determination Date following approval by the Issuer's Board of Directors (or equivalent body) of the Group's consolidated annual financial statements, so that the financial ratios will be tested once in each financial year based on the previous Financial Period, as evidenced by the Compliance Certificate in relation to such Financial Period delivered pursuant to Condition 5(c) (*Delivery of financial information*) and for the first time in respect of the 12-month period ending 31 December 2015.

(c) **Delivery of financial information**

So long as any Note remains outstanding, the Issuer shall, no later than the Certification Date, deliver to the Fiscal Agent an electronic copy of the Group's audited consolidated annual financial statements translated into English. The Issuer shall ensure that each set of such financial statements is, without prejudice to Condition 5(d) (*Accounting policies*):

- (i) audited by independent auditors; and
- (ii) accompanied by a Compliance Certificate.

So long as any of the Notes remains outstanding, the Issuer shall make such audited financial statements and the accompanying Compliance Certificate for the relevant Financial Period available for inspection free of charge by any Noteholder or Couponholder on its website (www.estrspa.it), at its own registered office and at the Specified Office of each Paying Agent, together with such description of changes and adjustments and such other information referred to in Condition 5(d) (*Accounting policies*) as may be necessary.

(d) **Accounting policies**

The Issuer shall ensure that each set of financial statements delivered pursuant to Condition 5(c) (*Delivery of financial information*) is prepared using accounting policies, practices and procedures consistent with those applied in the preparation of the immediately preceding annual consolidated financial statements of the Group unless, in relation to any such set of financial statements, the Issuer provides the Fiscal Agent, for inspection by the Noteholders, with: (i) a description of any material changes in accounting policies, practices and procedures; and (ii) sufficient information to make an accurate comparison between such financial statements and the previous financial statements.

(e) **Listing of Notes**

For so long as the Notes are outstanding, the Issuer shall use reasonable endeavours to ensure that the Notes remain admitted to trading on the Irish Stock Exchange's Global Exchange Market, *provided, however, that*, if it is impracticable or unduly burdensome to maintain such admission, the Issuer shall use all reasonable endeavours to procure and maintain admission to trading of the Notes on a securities market which is either a regulated market or a multilateral trading platform for the purposes of the Markets in Financial Instruments Directive 2004/39/EC situated or operating in the European Economic Area.

6. Interest

The Notes bear interest from the Issue Date at the Rate of Interest, payable in arrear on each Interest Payment Date, subject as provided in Condition 8 (*Payments*). The first Interest Payment Date will be 13 July 2016.

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be €37.50 per Calculation Amount. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount.

7. Redemption and Purchase

(a) **Scheduled redemption**

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 13 July 2022, subject as provided in Condition 8 (*Payments*).

(b) **Redemption for tax reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their principal amount, together with interest accrued to the date fixed for redemption, if:

- (i) the Issuer has or will become obliged, or the Guarantor has or (if the Guarantee were called) would become obliged, to pay additional amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 9 July 2015; and
- (ii) such obligation cannot be avoided by the Issuer or the Guarantor, as the case may be, taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given (i) earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor, as the case may be, would be obliged to pay such additional amounts if a payment in respect of the Notes were then due and (ii) unless, at the time such notice is given, such change or amendment remains in effect (or due to take effect).

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer and, in the case of an obligation to pay additional amounts under the Guarantee, the Guarantor shall deliver to the Fiscal Agent:

- (A) a certificate signed by two duly authorised officers of the Issuer and, if applicable, the Guarantor 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
- (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or the Guarantor, as the case may be, has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this Condition 7(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 7(b).

(c) **Redemption at the option of Noteholders upon a Change of Control**

In the event of a Change of Control, each Noteholder may, during the Change of Control Notice Period, serve a Put Option Notice upon the Issuer. The Issuer will redeem in whole (but not in part) the Notes that are the subject of such Put Option Notice on the Put Option Redemption Date at their principal amount together with accrued interest from, and including, the preceding Interest Payment Date (or the Issue Date, if applicable) to, but excluding, the Put Option Redemption Date.

Promptly and in any event within ten Business Days from occurrence of a Change of Control, a Change of Control Notice shall be given by the Issuer to Noteholders in accordance with Condition 16 (*Notices*). For so long as the Notes are listed on a securities market of the Irish Stock Exchange and the rules of such exchange so require, the Issuer shall also notify the Irish Stock Exchange promptly of any such Change of Control, providing information equivalent to that required to be given in a Change of Control Notice under this Condition 7(c).

In order to exercise the option contained in this Condition 7(c), the holder of a Note must, on any Business Day during the Change of Control Notice Period, deposit with any Paying Agent such Note, together with all unmatured Coupons relating thereto and a duly completed Put Option Notice. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt for such Note to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 7(c), may be withdrawn, *provided, however, that* if, prior to the Put Option Redemption Date, any such Note becomes immediately due and payable or, upon due presentation of any such Note on the Put Option Redemption Date, payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall give notification thereof to the depositing Noteholder in such manner and/or at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 7(c), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

(d) **No other redemption**

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 7(a) (*Scheduled Redemption*) to (c) (*Redemption at the option of Noteholders upon a Change of Control*) above.

(e) **Purchase**

The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, *provided that* all unmatured Coupons are purchased therewith. Such Notes may be held, re-issued or resold or, at the option of the Issuer, surrendered to the Fiscal Agent for cancellation.

(f) **Cancellation**

All Notes which are (i) purchased by the Issuer, the Guarantor or any other Subsidiaries of the Issuer and surrendered to the Fiscal Agent for cancellation or (ii) redeemed, and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

8. Payments

(a) **Principal**

Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by Euro cheque drawn on, or by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET System.

(b) **Interest**

Payments of interest shall, subject to Condition 8(f) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 8(a) (*Principal*) above.

(c) **Payments subject to fiscal laws**

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*). No commissions or expenses shall be charged by or on behalf of the Issuer or (where applicable) the Guarantor or any of their agents to the Noteholders or Couponholders in respect of such payments.

(d) **Deduction for unmatured Coupons**

If a Note is presented without all unmatured Coupons relating thereto, then:

- (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment, *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment; or
- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
 - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment, *provided, however, that* where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
 - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment, *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in Condition 8(a) (*Principal*) above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void coupons.

(e) **Payments on business days**

If the due date for payment of any amount in respect of any Note or Coupon is not a Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(f) **Payments other than in respect of matured Coupons**

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.

(g) **Partial payments**

If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

9. Taxation

(a) **Gross-up**

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer or in respect of the Guarantee by or on behalf of the Guarantor shall be made free and clear of, and without 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, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

- (i) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Republic of Italy other than the mere holding of the Note or Coupon; or
- (ii) in relation to any payment or deduction of any interest, principal 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**") and related implementing regulations, as amended, supplemented or re-enacted from time to time; or
- (iii) where such withholding or deduction is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income (as amended or supplemented from time to time) or any law, or any treaty or agreement between one or more taxing jurisdictions, implementing or complying with, or introduced in order to conform to, such Directive; or
- (iv) by or on behalf of a holder who would have been able to avoid such withholding or deduction by (A) presenting the relevant Note or Coupon to another available Paying Agent in a Member State of the European Union or (B) making a declaration of non-residence or other similar claim for an exemption; or
- (v) in circumstances in which the formalities to obtain an exemption from *imposta sostitutiva* under Decree No. 239 have not been complied with, except where such formalities have not been complied with due to the actions or omissions of the Issuer or its agents; or
- (vi) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

(b) **Taxing jurisdiction**

If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdictions other than the Republic of Italy, references in these Conditions to the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdictions.

(c) **FATCA:**

For the avoidance of doubt, neither the Issuer nor the Guarantor will have any obligation to pay additional amounts in respect of the Notes for any amounts required to be withheld or deducted pursuant to sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (as amended, any regulation or agreement thereunder, any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with those provisions or any agreement with the U.S. Internal Revenue Service) if withholding is imposed under those rules as a result of the failure by any person other than the Issuer, the Guarantor or any of their agents to establish that they are able to receive payments free of such withholding.

10. Events of Default

If any of the following events occurs:

- (a) **Non-payment:** the Issuer fails to pay any amount of principal or interest in respect of the Notes on the due date for payment thereof and such failure continues, in the case of principal, for a period of five Milan Business Days or, in the case of interest, for a period of seven Milan Business Days; or
- (b) **Breach of other obligations:** the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes (other than the payment obligations provided for under Condition 10(a) (*Non-payment*)) or the Guarantee and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer and the Guarantor, has been delivered by or on behalf of any Noteholder either to the Issuer and the Guarantor or to the Specified Office of the Fiscal Agent; or
- (c) **Cross-acceleration of Issuer, Guarantor or Subsidiary:**
- (i) any Indebtedness of the Issuer, the Guarantor or any of the Issuer's Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
 - (ii) any such Indebtedness becomes due and payable prior to its stated maturity by reason of an actual or potential default (however described);
 - (iii) any Security Interest created or assumed by the Issuer, the Guarantor or any of the Issuer's Subsidiaries to secure Indebtedness is (or becomes capable of being) enforced; or
 - (iv) the Issuer, the Guarantor or any of the Issuer's Subsidiaries fails to pay when due or (as the case may be) within any originally applicable grace period any amount payable by it under any guarantee and/or indemnity given by it in relation to any Indebtedness,
- provided that* the amount of Indebtedness referred to in sub-paragraph (i), (ii) and/or (iii) above and/or the amount payable under any guarantee and/or indemnity referred to in sub-paragraph (iv) above individually or in the aggregate exceeds €5,000,000 (or its equivalent in any other currency or currencies); or
- (d) **Unsatisfied judgment:** one or more judgment(s) or order(s) for the payment of any amount in excess of €5,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer, the Guarantor or any of the Issuer's Subsidiaries and either (i) no appeal is filed

within the period prescribed by Italian law and such judgment(s) or order(s) continue(s) unsatisfied after the expiry of the period prescribed for such payment or (ii) an appeal is filed, but no order for suspension by the relevant court is in force and the judgment(s) or order(s) continue(s) unsatisfied until the date specified by the relevant court for payment; or

- (e) **Security enforced:** a secured party takes possession of, or a receiver, manager or other similar officer is appointed (or application for any such appointment is made and is not dismissed within 30 days) in respect of all or a Substantial Part of the of the Group's business or assets, or a distress, execution, attachment, sequestration or other process is levied, enforced upon or put in force against all or a Substantial Part of the Group's business or assets; or
- (f) **Insolvency, etc:** (i) the Issuer, the Guarantor or any of the Issuer's Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator, liquidator or other similar officer is appointed in respect of the Issuer, the Guarantor or any of the Issuer's Material Subsidiaries or the whole or any Substantial Part of the Group's business or assets (or application for any such appointment is made and is not dismissed within 30 days), (iii) the Issuer, the Guarantor or any of the Issuer's Material Subsidiaries takes any action for a general readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or any class of its creditors, or (iv) the Issuer, the Guarantor or any of the Issuer's Material Subsidiaries declares or proposes a moratorium in respect of any of its Indebtedness or any guarantee and/or indemnity given by it in relation to any Indebtedness; or
- (g) **Cessation of business:** the Issuer, the Guarantor or any of the Issuer's Material Subsidiaries ceases or threatens to cease to carry on all or a Substantial Part of its business, otherwise than for the purposes of, or pursuant to, a Permitted Concession Handover, a Permitted Disposal or a Permitted Reorganisation; or
- (h) **Winding up, etc:** an order is made by any competent court or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Guarantor or any of the Issuer's Material Subsidiaries (otherwise than for the purposes of, or pursuant to, a Permitted Reorganisation); or
- (i) **Analogous event:** any event occurs which under the laws of the Republic of Italy has an analogous effect to any of the events referred to in paragraphs (d) (*Unsatisfied judgment*) to (h) (*Winding up, etc.*) above; or
- (j) **Guarantee not in force:** the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect; or
- (k) **Unlawfulness:** it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any of their respective obligations under or in respect of the Notes, the Deed of Guarantee or the Agency Agreement or any such obligations cease or will cease to be legal, valid, binding and enforceable; or
- (l) **Controlling shareholder:** the Guarantor ceases to be a Subsidiary of the Issuer, other than for the purposes of, or pursuant to, a Permitted Reorganisation,

then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further action or formality.

11. Prescription

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

12. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Paying Agent may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

13. Paying Agents

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer and the Guarantor and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent and additional or successor paying agents, *provided, however, that* the Issuer and the Guarantor shall at all times maintain (a) a fiscal agent, (b) for so long as the Notes are listed on the Irish Stock Exchange and it is a requirement of applicable laws and regulations, a paying agent in the Republic of Ireland (c) a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC and (d) a paying agent in a jurisdiction within the European Union other than the Republic of Italy or (if different) the jurisdiction(s) to which the Issuer and the Guarantor are subject for the purpose of Condition 9(b) (*Taxing jurisdiction*).

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

14. Meetings of Noteholders; Noteholders' Representative; Modification

(a) Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including, *inter alia*, the modification or abrogation by Extraordinary Resolution of the Notes or any of the provisions of the Agency Agreement. Such provisions are subject to compliance with mandatory laws, legislation, rules and regulations of Italy applicable to the Issuer from time to time and, where applicable Italian law so requires, the Issuer's By-laws, including any amendment, restatement or re-enactment of such laws, legislation, rules and regulations (or, where applicable, the Issuer's By-laws) taking effect at any time on or after the Issue Date.

Subject to the above:

- (i) any such meeting may be convened by the board of directors of the Issuer or the Noteholders' Representative (as defined below) at their discretion and, in any event, upon a request in writing by Noteholder(s) holding not less than one-twentieth of the aggregate principal amount of the outstanding Notes;

- (ii) such a meeting will be validly convened if there are one or more persons present being or representing Noteholders holding at least 78.0 per cent. of the aggregate principal amount of the outstanding Notes;
- (iii) the majority required to pass an Extraordinary Resolution at a meeting convened to vote on an Extraordinary Resolution will be:
 - (A) for voting on any matter other than a Reserved Matter, one or more persons holding or representing at least 78.0 per cent. of the aggregate principal amount of the outstanding Notes; or
 - (B) for voting on a Reserved Matter, one or more persons holding or representing not less than one half of the aggregate principal amount of the outstanding Notes.

An Extraordinary Resolution duly passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders.

(b) **Noteholders' Representative**

Pursuant to Articles 2415 and 2417 of the Italian Civil Code, a representative of the Noteholders (*rappresentante comune* or "**Noteholders' Representative**") is appointed, *inter alia*, to represent the interests of Noteholders, such appointment to be made by an Extraordinary Resolution or by an order of a competent court at the request of one or more Noteholders or the Issuer. Each such Noteholders' Representative shall have the powers and duties set out in Article 2418 of the Italian Civil Code.

(c) **Modification**

The Notes, these Conditions and the Deed of Guarantee may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer and the Guarantor shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is not materially prejudicial to the interests of the Noteholders. In addition, the parties to the Agency Agreement may agree, without the consent of the Noteholders, to modify any provision thereof in order to comply with mandatory laws, legislation, rules and regulations of the Republic of Italy applicable to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution.

15. Further Issues

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

16. Notices

Notices to the Noteholders shall be valid if published in a reputable leading English language daily newspaper published in London with an international circulation and, for so long as the Notes are admitted to trading on a securities market of the Irish Stock Exchange and it is a requirement of applicable laws and regulations or the rules of that stock exchange, a leading newspaper having general circulation in the Republic of Ireland or on the website of the Irish Stock Exchange (www.ise.ie) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe (which is expected to be the *Financial Times*). Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

17. Currency Indemnity

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

18. Governing Law and Jurisdiction

(a) **Governing law**

The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law. Condition 14 (*Meetings of Noteholders; Noteholders' Representative; Modification*) and the provisions of the Agency Agreement concerning the meetings of Noteholders are subject to compliance with mandatory provisions of Italian law.

(b) **Jurisdiction**

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including any non-contractual obligations arising out of or in connection with the Notes). The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

(c) **Proceedings outside England**

Condition 18(b) (*Jurisdiction*) is for the benefit of Noteholders only. To the extent allowed by law, any Noteholder may take (i) proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction and (ii) concurrent Proceedings in any number of jurisdictions.

(d) **Process agent**

The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London EC2V 7EX or, if different, at its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such Person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer or it ceases to be registered in England or, for any other reason, is unable or unwilling to act in such capacity, the Issuer shall immediately appoint a further Person in England to accept service of process on its behalf. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.

There will appear at the foot of the Conditions endorsed on each Note in definitive form the names and Specified Offices of the Paying Agents as set out at the end of this Prospectus.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The following is a summary of the provisions to be contained in the Temporary Global Note and the Permanent Global Note (together, the "**Global Notes**") which will apply to, and in some cases modify, the Terms and Conditions of the Notes while the Notes are represented by the Global Notes.

Form of Notes

Temporary Global Note

The Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Closing Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

Eligibility of the Notes for Eurosystem monetary policy

The Notes will be issued in new global note form and, as such, are intended to be held in a manner which will allow for them to be eligible as collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem. This means that the Notes are upon issue deposited with one of the international central securities depositories (ICSDs) as common safekeeper but does not necessarily mean that the Notes will actually be recognised as eligible, either upon issue or at any time during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria and other obligations, as specified by the European Central Bank from time to time. As at the date of this Prospectus, one of the Eurosystem eligibility criteria for debt securities is an investment grade rating and, accordingly, as the Notes are unrated, they are not currently expected to satisfy the requirements for Eurosystem eligibility.

Exchange for Permanent Global Notes

The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Closing Date, upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Tradeable amounts

So long as the Notes are represented by a Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum authorised denomination of €100,000 and higher integral multiples of €1,000, up to and including €199,000.

Exchange for Definitive Notes

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") in denominations of €100,000 and higher integral multiples of €1,000, up to and including €199,000, at the request of the bearer of the Permanent Global Note if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 10 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached (in respect of interest which has not already been paid in full on the Permanent Global Note), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

- (i) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has duly requested exchange of the Permanent Global Note for Definitive Notes; or
- (ii) the Permanent Global Note (or any part of it) has become due and payable in accordance with the Conditions or the date for final redemption of the Notes has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (i) above) or at 5.00 p.m. (London time) on such due date (in the case of (ii) above) and the bearer of the Permanent Global Note will have no further rights thereunder, but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under a deed of covenant executed by the Issuer dated 13 July 2015 (the "**Deed of Covenant**"). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in the Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes that they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

Modifications to Terms and Conditions of the Notes

In addition, the Global Notes will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Notes. The following is a summary of certain of those provisions:

Payments

All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Payments on business days

In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note, "**Business Day**" means any day which is a TARGET Settlement Day.

Exercise of put option

In order to exercise the option contained in Condition 7(c) (*Redemption at the option of Noteholders upon a Change of Control*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Notices

Notwithstanding Condition 16 (*Notices*), while all the Notes are represented by the Permanent Global Note and/or the Temporary Global Note, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be

deemed to have been given to the Noteholders in accordance with Condition 16 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg, except that, for so long as such Notes are admitted to trading on a securities market of the Irish Stock Exchange and it is a requirement of applicable law or regulations or the rules of that Stock Exchange, such notices shall also be published in a leading English language newspaper having general circulation in the Republic of Ireland or published on the website of the Irish Stock Exchange (www.ise.ie).

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used by the Issuer for general corporate purposes, including refinancing of existing debt.

DESCRIPTION OF THE ISSUER

Overview

E.s.tr.a. S.p.A. Energia Servizi Territorio Ambiente (the “**Issuer**”) is a company limited by shares (*società per azioni*) incorporated under Italian law with public shareholders on 17 November 2009. Its registered office and principal place of business is at Via Ugo Panziera 16, 59100 Prato (PO), Italy and it is registered with the Companies’ Register of Prato under registration number 02149060978. The Issuer may be contacted by telephone on +39 0574 872 and by email at the following certified email address: *estraspa.cert@pec.estraspa.it*.

The Issuer is a major Italian multiutility provider, with a strong presence in central Italy, in particular in Tuscany. The core businesses of the Issuer and its consolidated subsidiaries (the “**Group**”) include the sale of natural gas and electricity and the distribution of natural gas. The Group’s secondary businesses include the trading of natural gas, distribution and sale of liquefied petroleum gas (“**LPG**”), heating services and telecommunications.

In the year ended 31 December 2014, the Group recorded consolidated revenues of Euro 745.6 million, up by 5.3% from the previous year (Euro 708.3 million).

The following table shows selected line items from the Issuer’s results of operations on a consolidated basis for the years ended 31 December 2013 and 2014.

	For the year ended 31 December	
	2014	2013
	<i>(in Euro thousands)</i>	
Total Revenues	745,582	708,290
Total External Costs	(661,789)	(621,310)
Cost of Labour	(25,482)	(27,541)
EBITDA	58,222	59,439
Depreciation/Amortisation	(18,294)	(21,539)
Provisions	(5,214)	(11,885)
EBIT	34,714	26,015

History

In 2008, three Tuscan multiutility companies, namely Consiag S.p.A. (“**Consiag**”), which operates in the province of Prato, Intesa S.p.A. (“**Intesa**”), operating in the province of Siena, and Coingas S.p.A. (“**Coingas**”), which operates in the province of Arezzo, decided to combine their respective activities into a single operator in the natural gas and electricity sales sector and established the Issuer, then known as Estra S.r.l.

In 2010, the Issuer’s founding shareholders established the Group to carry on other businesses as well, namely natural gas distribution, LPG distribution and sale, energy services and telecommunications.

In 2012 and 2013, the Group implemented a reorganisation of its corporate structure which included the following steps:

- the merger by incorporation of Estra Reti Gas S.r.l., Estra GPL S.r.l. and Estra Nova S.r.l. into the Issuer, which was approved by the shareholders of the various companies on 14 November 2012 and took effect for accounting purposes from 1 January 2012; and

- the incorporation of the Guarantor as a wholly-owned subsidiary of the Issuer on 22 October 2013, to which the Issuer subsequently transferred all of its natural gas distribution and LPG distribution and sale businesses, including the ownership of equipment, contracts and resources, with effect from 1 January 2014.

In 2013, the Group also established the following strategic partnerships:

- Roma Oil Company S.r.l. was established as a joint venture between Estra Energie S.r.l. and Fiorentina Oil Service S.r.l. with the aim of increasing the Group's presence in Rome; and
- Energia Del Medio Adriatico S.r.l. ("**EDMA**") was established as a partnership between the Issuer and Multiservizi S.p.A., a major publicly-owned utility company in the Marche region in Central Italy, with the aim of developing the Group's natural gas and electricity sales and distribution businesses along the Adriatic coast. As of 31 December 2014, following a series of corporate transactions, the Group's holding in EDMA was 36.99%. See "*- Partnerships*".

Strategy

The Group's aim is to become the multiutility leader in central Italy and, in order to do so, it focuses on the following targets:

- operating a multiutility business model, with the aim of consolidating and developing businesses which are currently carried on under concessions granted by local authorities (i.e. without significant competition), as well as entering new business areas;
- developing technical and professional skills in order to achieve high quality standards of service, through a combination of team work and an efficient use of resources;
- improving operating margins and controlling costs; and
- optimising financial management, with a particular focus on working capital management and the rationalisation of investments.

The Group's strategic cornerstones are as follows:

Market Share Increase

The Group's aim is to retain its current customer base and at the same time increase its market share in the areas in which it operates, both via organic growth and through acquisitions. The Group intends to develop commercial initiatives such as:

- reinforcing its sales channels by investing in a web platform for online sales and new mobile applications, new shops, new features for its call centres and contact centres and agencies; and
- developing innovative technologies to consolidate and increase the Group's existing customer base.

The Group also intends to consider potential acquisitions of other companies operating in central Italy or joint ventures or partnerships (similar to the EDMA partnership).

The Group is also planning an "offline" sales expansion through the acquisition of a customer base in the gas and electricity sales business outside the areas where the distribution network of the Group is currently concentrated.

Integration of Supply Chain

The Group's diversification of sources of natural gas and electricity is fundamental for:

- finding cheaper options in terms of purchase price, thereby increasing the profitability of its business and in turn making its supplies cheaper and more competitive to secure a higher number of customers; and
- dealing with any increased or reduced demand from customers with a greater degree of flexibility.

For this purpose, the Group has implemented development projects in the natural gas and electricity supply chain, which in recent years has seen a steady increase in its activities in domestic and international wholesale markets. Greater visibility at an international level also allows the Group to develop strategic relationships with leading manufacturers and suppliers of natural gas and electricity and to reduce the intermediate steps between the producer and the end customer.

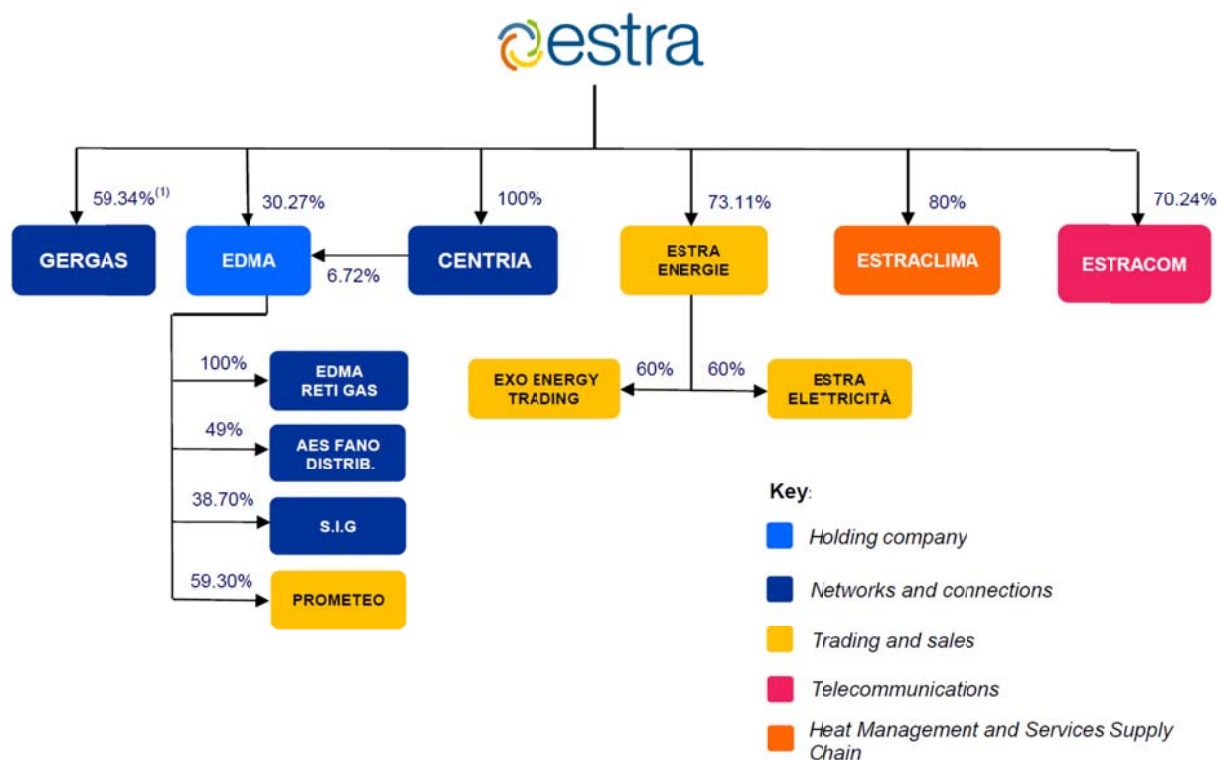
The Group intends to consolidate and develop the sale of natural gas and to increase the volumes of wholesale supplies. The Group also intends to reinforce and develop gas and electricity trading activities by carrying out sales and optimisation trading activities.

Network Expansion

The natural gas distribution networks are an important asset of the Group and allow it to assert its presence across central Italy. For this reason, the Group intends to maintain and expand the scope of existing concessions either by taking part in public tenders (to retain existing networks and acquire new networks) or by entering into joint ventures or partnerships with other concession holders operating in central Italy.

Group Structure and Principal Subsidiaries

The following chart shows the Group structure as at 31 December 2014 and indicates the relevant business areas in which the companies of the Group operate.



⁽¹⁾ On 29 April 2015 the Issuer acquired an additional 20.59% in GERGAS, bringing its overall holding in GERGAS to 79.93%.

The Issuer

The Issuer is responsible for activities relating to its role as a holding company, consolidating and developing innovative tools to enable it to manage the future growth of the Group.

Principal Subsidiaries

The overwhelming majority of the Group's revenue streams and most of its assets are generated and held by the Guarantor and Estra Energie S.r.l. ("**Estra Energie**"). A brief description of the Issuer's principal subsidiaries is set out below.

Centria S.r.l.

See "Description of the Guarantor".

Estra Energie

Estra Energie carries out natural gas and electricity sales and marketing for the Group and ancillary activities. It operates through 672 gas pressure regulation and management cabins (REMI) managed by 107 distribution companies. See "- Business Areas – Sale of Natural Gas".

Estra Energie sells the majority of its natural gas via the Guarantor's distribution network. A portion of its sales of natural gas are made to Exo Energy Trading. As at 31 December 2014, Estra Energie employed 124 people.

Estra Elettricità

Estra Elettricità S.p.A. (“**Estra Elettricità**”) carries out electricity sales and marketing for the Group and ancillary activities. During the course of 2014 it sold more than 475 GWh of electricity to customers located across Italy. See “- *Business Areas – Sale of Electricity*”. Estra Energie owns 60% of the shares of Estra Elettricità and the remainder are owned by Canarmino Invest S.r.l., which is an investment company.

Exo Energy Trading

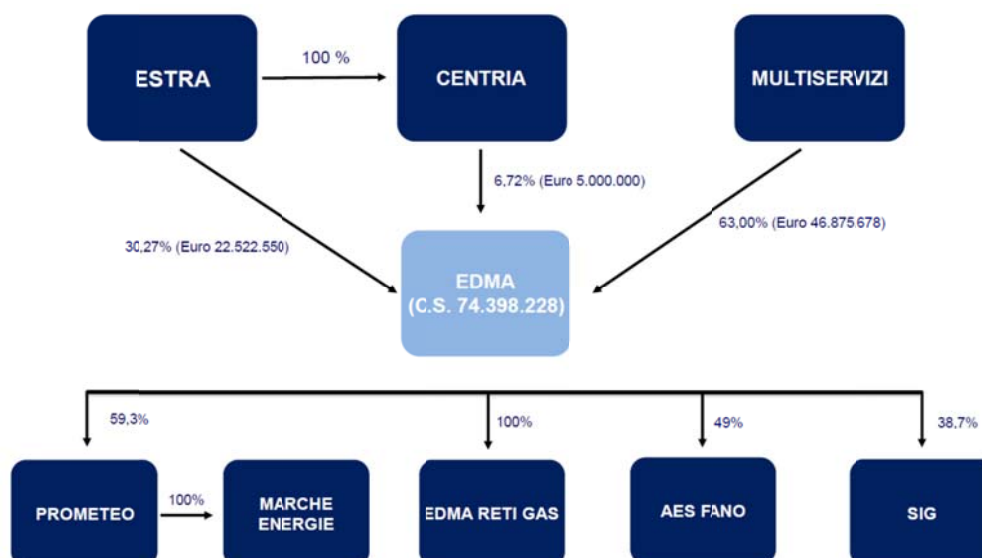
Exo Energy Trading S.r.l. (“Exo Energy Trading”) carries out natural gas sales and marketing, both in Italy and abroad, as a wholesaler. Its role within the Group is to optimise the assets held by Estra Energie and as such it focuses on trading on the national and international markets. See “- *Business Areas – Trading of Natural Gas*”. Exo Energy Trading works in conjunction with Estra Logistica S.r.l., which provides warehousing, transportation and procurement services.

Partnerships

EDMA

The Group’s most important partnership is EDMA, which was set up by the Issuer and Multiservizi S.p.A. in 2013 and operates in gas distribution and sales and in electricity sales in Abruzzo, Molise and Umbria. Following a series of corporate transactions during the course of 2014, the Group’s holding in EDMA is now 36.99%. Pursuant to statutory provisions and contractual arrangements, the Group exercises joint control over EDMA.

The following chart shows the shareholders of EDMA and its subsidiaries as at 31 December 2014.



As regards EDMA’s gas and electricity sales business, the Group transferred to EDMA contracts for the sale of gas and electricity in the regions of Marche, Abruzzo, Umbria, Molise and Lazio (excluding Rome and Viterbo) on 29 January 2014. In turn, Multiservizi S.p.A. transferred to EDMA a shareholding in Prometeo S.p.A. on the same date.

As regards the gas distribution business, on 28 May 2014 the Group transferred to EDMA its ownership of networks and the gas distribution service in the municipalities of Rieti in Lazio, Magione and Citerna in Umbria and Mosciano Sant’Angelo in Abruzzo, including licences and staff, and a 49%

shareholding in A.E.S. Fano Distribuzione Gas S.r.l. (which manages natural gas distribution services in the municipality of Fano in Marche). Subsequently, on 11 July 2014, Multiservizi S.p.A. also transferred to EDMA the ownership of networks and gas distribution services in 15 municipalities of the province of Fano (116,000 gas delivery points) and a 38% shareholding in S.I.G. S.p.A. (an inter-municipal management company which manages the natural gas distribution service in the municipalities of Penne, Loreto Appuntino and Collecervino in Abruzzo).

For the year ended 31 December 2014, EDMA recorded revenues from sales and services of €148.3 million.

It is expected that EDMA will participate in bids for various “*Ambiti Territoriali Minimi*” (“**ATEM**”s), in Marche, Abruzzo, Molise, Umbria and Lazio to provide gas distribution services during 2015.

Geographic Areas

The Group mainly operates in central Italy, and in particular in Tuscany. The Group is also active in Umbria, Abruzzo, Marche, Molise and Lazio.

Business Areas

The Group’s core businesses include the sale of natural gas and electricity and the distribution of natural gas, whereas its secondary businesses include the trading of natural gas, distribution and sale of LPG, planning and management of energy services and telecommunications.

The table below sets out the Group’s approximate revenue split by business for the years ended 31 December 2013 and 2014, in each case prior to intercompany eliminations.

	As of 31 December	
	2013	2014
	<i>(in Euro thousands)</i>	
Business area		
Sale of natural gas.....	477,496	396,100
Sale of electricity	82,970	86,020
Distribution of natural gas.....	83,062	79,028
Trading of natural gas.....	127,641	229,511
Distribution and sale of LPG.....	5,072	3,807
Planning and management of energy services.....	6,771	6,278
Telecommunications.....	5,015	5,114

Sale of Natural Gas

The Group operates in the natural gas retail and wholesale sectors primarily through its subsidiaries Estra Energie and Exo Energy Trading. During 2014, the Group sold over 862 million cubic metres to more than 362,500 customers, of which over 222 million cubic metres were sold to wholesale end customers. The Group sells gas via a network of gas pressure regulation and measurement cabins (REMI) managed by 73 third party distribution companies.

With regard to the sale of natural gas to retail end customers which have not opted for the supply of natural gas on a free market basis, the Group must apply the tariffs set by the AEEGSI. Otherwise, the contracts entered into with customers for the supply of natural gas may be on free market conditions. Retail customers are able to combine the supply of natural gas with the supply of electricity by opting for the dual fuel service.

The number of point of delivery gas sales amounted to 406,491 and 362,505, respectively, for the years ended 31 December 2013 and 2014.

Sale of Electricity

The Group operates in the electricity retail sales business, primarily through its subsidiary Estra Elettricità, for industrial, commercial and domestic consumption by customers (including public bodies) in the free market. Most of the electricity sold in 2014 was acquired from HB Trading S.p.A., a company owned by the minority shareholder of Estra Elettricità. During 2014, the Group sold more than 475 GWh to customers located throughout Italy. In the years ended 31 December 2013 and 2014, the Group's sales volumes amounted to €83.0 million and €86.0 million respectively, prior to intercompany eliminations.

As the electricity market is liberalised, consumers can freely choose their suppliers of electricity, assess the quality of the services and select the offers which are more tailored to their needs. Retail customers are able to combine the supply of electricity with the supply of natural gas by opting for the dual fuel service.

The number of point of delivery electricity sales amounted to 33,305 and 37,391, respectively, for the years ended 31 December 2013 and 2014.

Distribution of Natural Gas

The Group operates in the natural gas distribution sector, mainly through the Guarantor and GERGAS. The Group manages over 6,166 km of natural gas network infrastructure and operates in the following areas: Lucca, Pistoia, Firenze 2 – Province, Arezzo, Siena, Grosseto, Prato, Perugia 1 – City of Perugia and North-West, Rieti, Teramo. Of these, the following areas include municipalities in which Centria currently operates under concession: Lucca, Perugia 1 – City of Perugia and North-West, Firenze 2 – Province, Arezzo, Rieti, Grosseto and Teramo.

The Group distributes more than 676 million cubic metres of natural gas on behalf of companies authorised to carry out the sale of gas to end customers and operates 497,981 delivery points. As at the date of this Prospectus, the Group holds 89 concessions for the distribution of natural gas. Most of the concessions have expired but have been automatically extended until the relevant tender processes are completed.

Natural gas distribution is carried out in the following stages:

- Natural gas is taken to the delivery points of the national transport network, which operate at high pressure. Filtration, preheating, reduction of pressure, measurement and odorisation are performed in decompression stations of the Group (reception cabins).
- Once the natural gas has entered the distribution network, through pipelines managed at a medium operating pressure, it reaches the reduction units of the Group, where the pressure is reduced from medium to low pressure.
- The natural gas enters the final distribution network and, through pipelines managed at a low operating pressure, it reaches end users where the Group performs quantification and metering through the customers' systems.

The Group constantly monitors the distribution network, using a remote control system that allows it to carry out any necessary maintenance works promptly. In 2014, the Guarantor was recognised as one of the top Italian operators in terms of safety of its networks and distribution systems by the Italian Regulatory Authority for Electricity Gas and Water (*Autorità per l'Energia Elettrica il Gas e il Sistema Idrico*, "AEEGSI"), which accordingly granted it incentives amounting to over Euro 1.38 million.

The Group is constantly developing its gas distribution network, both through the construction of new facilities and network segments and the creation of new service connections. The Group spent

Euro 13.8 million during 2014 in investments and improvements to its natural gas distribution networks and other infrastructure.

Trading of Natural Gas

The Group has carried out its natural gas trading business on wholesale markets since 2011 through Exo Energy Trading. This business sector allows the Group to assert its presence along the gas value chain, thus securing more favourable purchase and supply conditions and greater profitability of its natural gas sales business.

In particular, by developing the “optimisation trading” business, the Group is able to optimise its asset portfolio and increase its flexibility through short term physical trading on the European energy markets, including the “TTF” market in the Netherlands. The Group enters into contracts for the purchase and sale of natural gas on different timescales, between one day and 18 months after the signing of the contract.

The Group’s natural gas trading business is aimed at adding value through the implementation of proprietary trading strategies and at developing advanced trading technology and a high level of optimization of the Group’s assets. This is achieved by first carrying out natural gas sales and then acquiring natural gas, excluding any speculative purposes from its trading activity.

During 2014, Exo Energy Trading sold over 950 million cubic metres of natural gas.

Distribution and Sale of LPG

The Group also operates in the LPG distribution and sale business through the Guarantor and GERGAS.

The Group serves more than 6,000 customers in the provinces of Arezzo, Grosseto, Livorno, Prato and Siena in Tuscany, Rieti in Lazio and Rimini in Emilia Romagna. The Group’s LPG services ranked at seventh place in the national ranking prepared by the AEEGSI for the year 2013. In the years ended 31 December 2013 and 2014, the Group’s sales volumes amounted to 1.18 million cubic metres and 0.96 million cubic metres respectively.

Heating Services

The Group operates in the planning and management of heating services, mainly through its subsidiary Estra Clima S.r.l. These activities include the technological upgrading of infrastructure, and the design, implementation and management of various types of heating equipment, such as boiler systems, solar panels, biomass systems, cogeneration and underground municipal heating systems (*teleriscaldamento*). The Group also carries out global real estate services, consisting of the management and maintenance of real estate and other assets owned by third parties.

Telecommunications

The Group operates in the telecommunications sector through Estra Com S.r.l. which offers broadband fibre optic services, ADSL and telephone services, video surveillance systems and security services to businesses and private customers. The Group owns fibre optic infrastructure mainly located in the industrial areas of Prato, through which it offers connectivity services to its customers through direct Gigabit Passive Optical Networks (GPON) connections. During 2014 the Group focused on the fibre optic segment to benefit from investments made in previous years and to focus on higher margin, lower volatility activities.

Other Activities

Gas Storage and Balancing

In 2013 Estra Logistica S.r.l. was incorporated to provide logistics services to Estra Energie S.r.l. and Exo Energy Trading with the aim of keeping the gas portfolios of these two companies separate. Estra Logistica S.r.l. acquired all of the transport, storage and balancing rights and capabilities which previously belonged to Gruppo Openlogs S.r.l., the holder of the remaining shares of Exo Energy Trading.

Renewable Energy

The Group operates in the production of electricity from renewable sources, mainly in the wind, solar, biomass and hydropower sectors through direct or indirect shareholdings in companies operating plants located in various parts of Italy.

Group Business Model

Position in supply chain

The Group mainly operates in the final stages of the gas supply chain in the distribution and sales business, and, in the case of the electricity supply chain, in the sales business. The Group neither produces nor imports gas or electricity, except for a negligible amount of electricity which is produced in the renewable energy plants it operates. Therefore, in order to carry out its business the Group needs to acquire natural gas and electricity from suppliers and, in the case of natural gas, also from importers.

Acquisition of natural gas

The Group, through Estra Energie, has entered into natural gas supply agreements with various suppliers, pursuant to which the Group purchased 919 million cubic metres during the year ended 31 December 2014, compared to 900 million cubic metres purchased in the year ended 31 December 2013. Of these volumes, the Group purchased 384 million cubic metres on the virtual trading spot market, compared to 304 million cubic metres in 2013.

The Group then uses Estra Logistica S.r.l. to transport the natural gas purchased on the international markets, so that it can obtain the necessary transport capacity on the national network as well as storage and balancing capacities which enable it to operate in the natural gas physical trading sector. The natural gas supply structure of the Group guarantees the availability of a minimum quantity of natural gas and gives it access to favourable market conditions of the virtual trading spot market and the forward gas market through which it can supplement the volumes of natural gas.

Exo Energy Trading also carries out the natural gas sales business and operates as a wholesaler in national and international markets, with the aim of maximising the value of the Group's asset portfolio. The natural gas sales business also enables the Group to be aware in real time of the movements in the wholesale market and to adapt its sales strategies promptly, and to have contact with potential customers outside of its distribution network.

Acquisition of electricity

The Group acquires electricity from a variety of providers through spot agreements executed over-the-counter and on the electricity market. In 2014, the Group, through Estra Elettricità and HB Trading S.p.A., acquired approximately 485 GWh.

Sales Channels and Credit Management

The Group uses two different sales channels depending on the type of end customer to which gas or electricity are supplied:

- *Domestic consumption:* The Group has six stores, all of which are in Tuscany, a call centre and a website with a dedicated customer area through which it interacts with domestic customers. With regard to natural gas and electricity sales, the Group's tariffs are based on the free market's standard prices, as well as market conditions "*di maggior tutela*" (default conditions set by the AEEGSI where customers have not opted for the free market conditions to apply).
- *Business consumption:* Sales to business customers are carried out through a highly personalised relationship, which is individually managed by the Group.

Financing Arrangements

The Group's net debt as of 31 December 2014 amounted to Euro 210.9 million, which was split between short term debt (Euro 11.5 million) and medium-to-long term financing (Euro 199.4 million), including Euro 1.4 million of short-term shareholder loans and Euro 15.4 million of medium-to-long term shareholder loans.

The table below sets out details of the Group's principal financing contracts as at 31 December 2014.

Description	Borrower	Interest Rate	Principal Outstanding at 31 December 2014 (Euro)	Maturity Date
Euro 50 million bond issue	Issuer	5%	51,164,384	14 July 2019
Euro 30 million loan from Intesa Sanpaolo S.p.A. (" ISP Loan ")	Guarantor	6m Euribor + 1.9%	30,000,000	30 June 2020
Euro 25 million loan from Banca Nazionale del Lavoro S.p.A. (" BNL Loan ")	Guarantor	6m Euribor + 2.75%	20,859,777	31 December 2017
Euro 25 million loan from Cassa Depositi e Prestiti S.p.A. (" CDP Loan ")	Originally the Issuer, to be transferred to the Guarantor	6m Euribor + 1.78%	16,250,000	30 June 2021
Euro 15 million loan from Chianti Banca S.p.A. (" Chianti Banca Loan ")	Issuer	3m Euribor + 2%	15,000,000	31 December 2017
Euro 14 million loan from UniCredit S.p.A. (" UniCredit Loan ")	Estra Energie	2%	14,000,000	31 December 2018
Euro 16 million loan from Banca Etruria S.p.A.	Guarantor	6m Euribor + 2%	12,691,000	30 June 2023

Bond Issue

In July 2014, the Issuer issued senior unsecured bonds in an aggregate principal amount of Euro 50 million with a five-year maturity, yielding annual interest at a rate of 5%. The bonds are listed on the ExtraMOT PRO segment operated by Borsa Italiana S.p.A. The terms and conditions of the bonds are governed by Italian law and include certain financial covenants and a change of control clause. As at 31 December 2014, the Issuer was in compliance with those covenants.

ISP Loan

The ISP Loan contains certain financial covenants by reference to line items contained in the Issuer's audited consolidated annual financial statements and change of control provisions in respect of the Issuer and the Guarantor. As at 31 December 2014, the Issuer was in compliance with those covenants. The ISP Loan also contains provisions which state that, if any of its gas distribution concessions are terminated, then the Guarantor will be required to prepay the ISP Loan in whole or in part. The Guarantor would be required to effect such prepayment using funds paid to it as compensation for loss of the concession, subject to a materiality threshold and certain other conditions.

BNL Loan

The BNL Loan contains certain financial covenants, calculated by reference to line items contained in the Guarantor's audited annual financial statements and whose parameters the Guarantor must exceed for two consecutive years in order for a breach to be triggered, and a change of control clause. While at the end of 2014, the Guarantor did not comply with one of these parameters, the Issuer believes that the Guarantor will comply with the financial parameters levels set forth in the BNL Loan by the end of 2015 and that therefore no breach will occur. In addition, the BNL Loan contains provisions which state that, if the Guarantor loses any of its gas distribution concessions, then the Guarantor will be required to pay any termination payment received as a result of the loss of a concession into an escrow account and give the lender security over that amount.

CDP Loan

The CDP Loan contains certain financial covenants by reference to line items contained in the Issuer's audited consolidated annual financial statements. As at 31 December 2014, the Issuer was in compliance with those covenants. Under the CDP Loan, the Issuer has undertaken to grant security in favour of CDP over any termination payments received in connection with the loss of the Prato Concession.

On 4 February 2013, the Issuer and CDP executed an amendment to the financing agreement which provided for early repayment of the following to CDP:

- the amount of any termination payment received for the loss of the Prato Concession, which could be up to 20.8% of the outstanding principal amount of the loan, together with accrued interest as at that date and any applicable costs; and
- the amount of any termination payment received for the loss of the concession for the gas distribution service in the municipalities of Arezzo and Siena, and any other termination payment due in connection with the natural gas distribution networks held as at the date of signing of the agreement (other than the Prato Concession), each having a value equal to or higher than Euro 10 million.

The Issuer's obligations under the CDP Loan have been assigned to the Guarantor, although the formalities for the transfer of the loan have not yet been completed.

Guarantees

As at 31 December 2014, the Group guaranteed Euro 27.9 million of indebtedness of parties other than Group companies (compared to Euro 28.0 million as at 31 December 2013), comprising Euro 21.1 million of guarantees issued on behalf of associated companies and Euro 6.8 million of guarantees granted in the interests of other non-associated companies.

Environmental Matters

The Group's business is subject to environmental regulation. In the Issuer's opinion, the Group operates in accordance with any applicable environmental regulation and authorisation. See "*Regulatory Framework*". During the year ended 31 December 2014, in order to achieve its objectives of quality control, environmental compliance and safety, the Group initiated and carried out training pursuant to the requirements of Legislative Decree No. 81/2008.

As regards safety, there were no:

- fatal work accidents involving personnel enrolled in the employee register, for which corporate responsibility was positively established;
- serious accidents at work that resulted in serious or very serious injury to personnel enrolled in the employee register, for which corporate responsibility was positively established; or
- charges in respect of occupational diseases of employees or former employees and anti-mobbing actions for which the company was declared ultimately responsible.

In terms of environmental matters there was no:

- environmental damage for which the company was found guilty in the final judgment; or
- final sanction or penalty imposed on the company for environmental offences or damage.

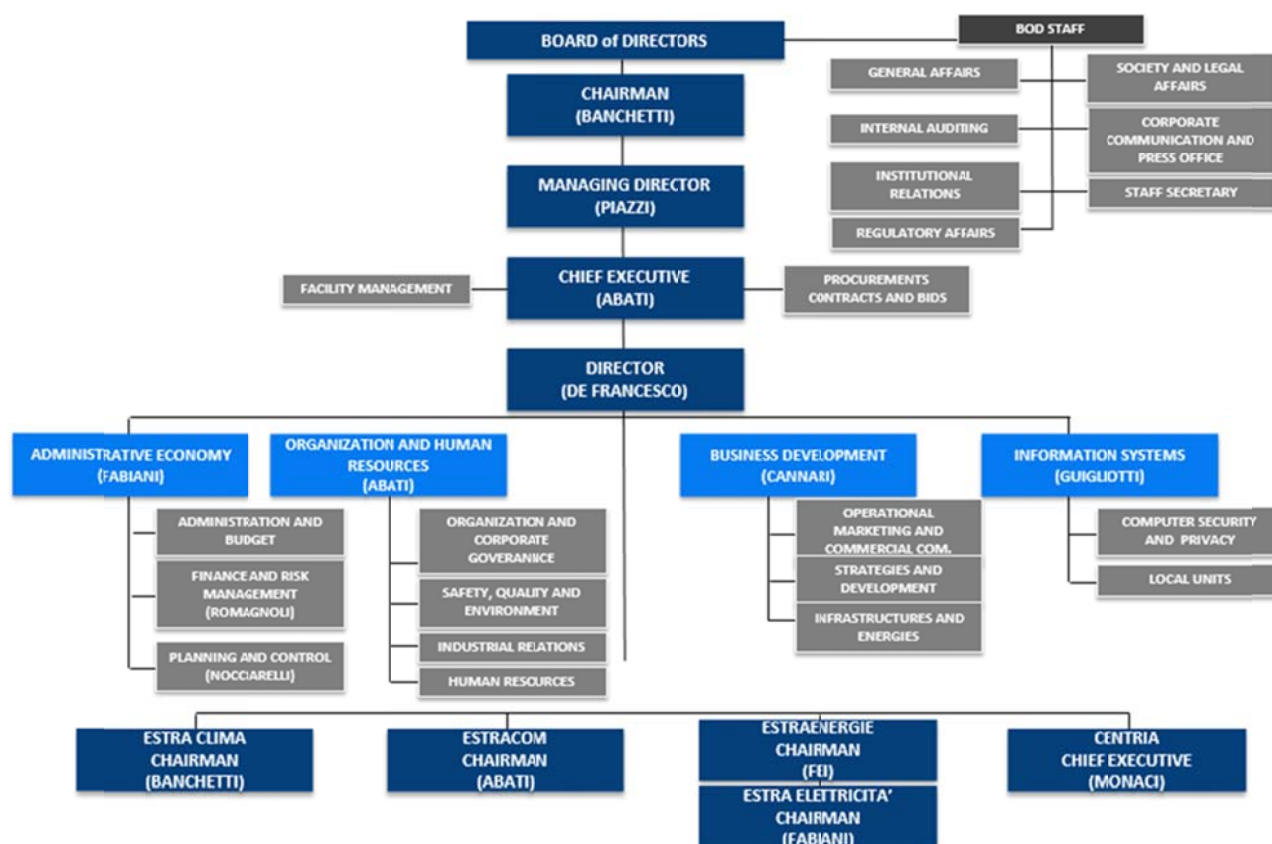
Share Capital and Shareholders

The Issuer is directly owned by Consiag (43.89%), Intesa (27.93%), Coingas (27.93%) and ETA 3 S.p.A. (0.24%), which are in turn owned by 97 municipalities in the provinces of Prato (7), Florence (11), Siena (35), Arezzo (29), Pistoia (4) and Grosseto (11). The founding shareholders are parties to a shareholders' agreement which covers issues such as governance, reserved matters for the board of directors, the composition of the board of directors, procedure for shareholders' meetings and the appointment of the board of statutory auditors.

The Issuer has a share capital of €205,500,000, fully paid up and consisting of 205,500,000 ordinary shares with a nominal value of €1.00 each. There have been no changes to the Issuer's share capital since 31 December 2014. The Issuer's shares are unlisted.

Management

The following chart shows the Group's management structure as at 31 December 2014.



Board of Directors

The Issuer's board of directors is composed of the following four directors, who were appointed by the shareholders' meeting in 8 May 2014 for a period expiring on the date of the shareholders' meeting held to approve the financial statements for the year ending 31 December 2016:

Name	Position	Main activities outside of Group
Roberto Banchetti	Chairman of the Board of Directors	Not applicable
Alessandro Piazzì	Chief Executive Officer	Director of Sansedoni Siena S.p.A.
Paolo Abati	Managing Director	Not applicable
Roberta De Francesco	Director	Not applicable

The business address of each member of the Board of Directors is the Issuer's registered office.

Board of Statutory Auditors

The board of statutory auditors is composed of three auditors and two alternate auditors who remain in office for three years.

The Issuer's board of statutory auditors is composed of the following five members, who were appointed by the Issuer's shareholders' meeting on 8 May 2014 for a period expiring on the date of the

shareholders' meeting held to approve the financial statements for the year ending 31 December 2016:

Name	Position	Main activities outside of Group
Athos Vestrini	Chairman of the Board of Statutory Auditors	<p>Chairman of the Board of Statutory Auditors of Giacomo Konz & C. S.p.A. Liquidator of Fast Fashion S.r.l. in Liquidazione Chairman of the Board of Statutory Auditors of O.R.F. S.p.A. Judicial Commissioner of Cooperativa A.R.C.I. – Casa Società Cooperativa Edificatrice in Liquidazione Auditor of COSPAR Consorzio Servizi e Promozioni per gli Artigiani e Piccole e Medie Imprese Società Cooperativa Auditor of ITTEDI S.r.l., Receiver of Il Mosaico S.r.l. Receiver of La Faggeta S.r.l. Liquidator of Frigo – Stamp S.r.l. in Liquidazione Judicial Commissioner of Pegasus S.p.A. in Liquidazione Sole Director of A.I.S.A. S.p.A. Arezzo Impianti e Servizi Ambientali Receiver of Ricci Costruzioni Meccaniche S.r.l. in Liquidazione Alternate Auditor of ETA 3 S.p.A. Auditor of Centroidi Terziario S.C.P.A. Receiver of C.V. S.r.l.</p>
Saverio Carlesi	Auditor	<p>Chairman of the Board of Statutory Auditors of Nuovo Habitat Società Cooperativa Edificatrice Auditor of Cooperativa Coopercarmignanese – Società Cooperativa a Responsabilità Limitata Auditor of Cooperativa Edificatrice Nuova Città – Società Cooperativa a Responsabilità Limitata Liquidator of Consorzio Insempiamenti Artigiani Novello – Società Cooperativa a Responsabilità Limitata in Liquidazione Chairman of the Board of Statutory Auditors of Abitcoop Società Cooperativa Auditor of Abitare Società Cooperativa a Responsabilità Limitata Liquidator of Co. Elettrica in Liquidazione Sole Auditor of Azienda Farmaceutica Consortile “Farmacom” Auditor of Edilizia Pubblica Pratese S.p.A. Liquidator of Immobiliare Mandriole S.r.l. in Liquidazione</p>

Name	Position	Main activities outside of Group
Saverio Carlesi (cont'd)	Auditor	Shareholder and Director of Studio Professionale Carlesi Gennari Longini Grassi Grechi Commercialisti Associati Alternate Auditor of Cavriglia SPV S.p.A. Alternate Auditor of Tegolaia SPV S.p.A. Liquidator of Cavriglia O&M Società Consortile a Responsabilità Limitata in Liquidazione
Patrizia Berchiatti	Auditor	Auditor of La Popolare Società Cooperativa Judicial Commissioner of Imballaggi il Casone – S.r.l. in Liquidazione Sole Auditor of Fattoria Pieve a Salti S.r.l. Auditor of Conf.Imm. Confesercenti Immobiliare S.r.l. Judicial Commissioner of Profili – S.r.l. Società in Liquidazione Auditor of Cescot Siena – Società Cooperativa Esercenti Alternate Auditor of Impris S.p.A. Receiver of Due Erre di Ricci Elen e C. SAS Receiver of Essegi Costruzioni S.r.l. in Liquidazione
Michele Marallo	Alternate Auditor	Chairman of the Board of Statutory Auditors of Publiacqua S.p.A. Chairman of the Board of Statutory Auditors of Farma.net Scandicci S.p.A. Chairman of the Board of Statutory Auditors of Ingegnerie Toscane S.r.l.
Valentina Sampieri	Alternate Auditor	Auditor of Aurelia Parco Vacanze il Veliero Società Cooperativa Director of G.C. – S.r.l., Alternate Auditor of Agnorelli S.p.A. Director of Intercomunale Telecomunicazioni Energia Servizi Acqua S.p.A. Shareholder and Director of Zenith di Anna Bartalesi & C. S.N.C.

The business address of each member of the board of statutory auditors is the Issuer's registered office.

Conflicts of interest

None of the Issuer's directors, statutory auditors or senior managers has any private interest and/or other duty which conflicts with their obligations deriving from their office.

Employees

As at 31 December 2014, the Group employed 581 people, of whom 10 were managers, 412 were office workers and 159 were factory workers.

Technology

The Group possesses strong technical know-how and sophisticated technology in the business sectors in which it operates which allow it to rank amongst the most advanced groups in Italy with respect to the implementation, management and maintenance of natural gas distribution networks. For example, the Group uses a remote control system that allows it to monitor its distribution networks continuously and carry out any necessary maintenance works promptly. The Group also uses a "territorial information system" (*Sistema Informativo Territoriale*), which exploits web based technologies to map and explore the soil and subsoil and allows it to identify, understand and handle any underlying objects. The system allows technicians and workers to use personal digital assistants which can be updated as soon as any data are received.

The Group invests in IT innovation and development, in particular in the gas and electricity sales and the gas distribution business sectors. This allows it to manage applications, speed up operations, control costs and improve the quality of processes.

Legal Proceedings

From time to time the Group is involved in claims arising in the ordinary conduct of its business, including civil, labour, governmental, administrative and tax proceedings. For example, at the end of the tender process for the Prato Concession, the Issuer and the Guarantor brought an appeal against the award of the Prato Concession to Toscana Energia, which was ultimately unsuccessful (see "*Risk Factors - Risks relating to concessions granted in connection with the Group's natural gas distribution business*"). In addition, in June 2014 the Public Prosecutor of Prato filed with the Court of Prato a request (*richiesta di rinvio a giudizio*) for criminal proceedings to be commenced against certain present and former members of the Group's senior management for alleged offences and, in particular, for having avoided or delayed the provision of certain information required by the Municipality of Prato in order to commence the tender process for the Prato Concession. Following a preliminary investigation phase, criminal proceedings were commenced against those individuals (by means of a *rinvio a giudizio*) by the Court of Prato in May 2015 and the date of the preliminary hearing was fixed for October 2015. Criminal charges brought against the defendants are alleged undue interference with public tenders and abuse of office. The Municipality of Prato concurrently brought civil proceedings against, amongst others, the Issuer for the conduct of its senior management seeking compensation for loss suffered by it as a result of the delay in completing the tender process for the Prato Concession, in particular the delay in receiving the amounts due from the incoming concession holder.

The Issuer included a provision of Euro 3.3 million in its financial statements for the year ended 31 December 2014 which it anticipates will be sufficient to cover potential losses connected with the various proceedings which it is currently defending. However, given the inherent uncertainty of legal proceedings, no assurance can be given that this amount will be sufficient.

Related Party Transactions

The Group carries out transactions with related parties, in particular by granting loans to, and guarantees on behalf of, unconsolidated subsidiaries and jointly-controlled companies.

Loans to unconsolidated subsidiaries and jointly-controlled companies amounted to Euro 4.7 million and Euro 25.8 million, respectively, for the years ended 31 December 2014 and 2013 and loans to associated companies amounted to Euro 4.4 million and Euro 6.6 million, respectively, for the years ended 31 December 2014 and 2013. Receivables from unconsolidated subsidiaries and jointly-controlled companies deriving from commercial transactions and interest income accrued on loans amounted to Euro 15.9 million and Euro 2 million, respectively, for the years ended 31 December 2014 and 2013.

The Group issued guarantees on behalf of jointly-controlled companies amounting to Euro 11.5 million for the year ended 31 December 2013 (no guarantees were issued for the year ended 31 December 2014), and on behalf of associated companies amounting to 21 million and 13.6 million, respectively, for the years ended 31 December 2014 and 2013.

As at 31 December 2014, the Group's debts towards its shareholders amounted to Euro 16.8 million, deriving from the conversion to medium to long term financing of the original debt granted by the shareholders on incorporation of the Issuer. In addition, the Group made certain payments to its shareholders, mainly relating to rent paid for the Group's offices owed by the shareholders, which amounted to Euro 7.3 million and 26.4 million, respectively, for the years ended 31 December 2014 and 2013.

Furthermore, the Group provides certain services to its shareholders and unconsolidated subsidiaries, including management advice and assistance (strategic, organisational and financial planning, coordination and management control, personnel management, information system management, marketing and real estate management) as well as administrative, financial and legal services.

Recent Developments

Loss of the Prato Concession

In a judgment issued on 22 January 2015, the State Council (*Consiglio di Stato*) (Section Five) dismissed the appeal by the Issuer and the Guarantor against the award of the Prato Concession to Toscana Energia. As a result, the municipality of Prato and Toscana Energia have entered into a concession agreement and the Guarantor will be required to transfer its facilities relating to the City of Prato's gas network by 1 September 2015 in return for compensation to be paid to it by the incoming concession holder. See also "*Risk Factor - Risks relating to concessions granted in connection with the Group's natural gas distribution business*", "*- Financing Arrangements*" and "*Legal Proceedings*" above.

Acquisition of Veia-Energia

On 8 January 2015 the board of directors of Estra Energie announced that the company had been awarded the tender for the purchase of 100% of the share capital of Veia Energia Ambiente S.r.l. The acquisition has yet to be completed. The company operates in the marketing of gas, mainly in the province of Lucca and holds a portfolio of about 8,500 customers.

Concessions

The Group currently operates gas distribution activities under concession in seven of the eleven ATEMs in Tuscany: Arezzo, Grosseto, Lucca, Pistoia, Prato, Siena and Florence 2. During the course of 2015, the Group expects to compete in the tender processes for the ATEMs of Siena and Prato (July) and Arezzo (September).

DESCRIPTION OF THE GUARANTOR

Centria S.r.l. is a limited liability company (*società a responsabilità limitata*) incorporated on 22 October 2013 under Italian law, having the Issuer as its sole shareholder. Its registered office is at via Igino Cocchi 14, 52100 Arezzo, Italy and it is registered with the Companies' Register of Arezzo under registration number 02166820510. The Guarantor may be contacted by telephone on +39 0575 9341 and by email at the following certified email address: *centria.pec@cert.centria.it*.

Pursuant to its articles of association, the Guarantor's objects are, *inter alia*: the distribution and measurement of natural gas; the distribution, measurement and sale of other types of gas (such as LPG) through networks; the design, implementation, maintenance and improvement of networks and local pipelines; the performance of gas-related activities abroad; and the production of electricity.

The original share capital of the Guarantor was equal to EUR 10,000.00. Subsequently, on 18 December 2013 the Issuer's extraordinary shareholders' meeting resolved to transfer to the Guarantor, with effect from 1 January 2014, the Issuer's natural gas distribution and LPG distribution and marketing businesses, and to increase the Guarantor's share capital to Euro 180,000,000.00.

In 2014 the Guarantor carried out the natural gas distribution business in 88 municipalities, within 10 provinces (Arezzo, Florence, Grosseto, Lucca, Perugia, Pistoia, Prato, Siena, Teramo and Rieti) and across 4 regions (Abruzzo, Tuscany, Umbria and Lazio).

Administration and management

Board of Directors

The table below sets out the names of and positions held by the members of the current Board of Directors of the Guarantor, who were appointed by the Guarantor's shareholder's meeting held on 14 February 2014 for a period expiring on the date of the shareholder's meeting to approve the financial statements for the year ending 31 December 2016:

Name	Position	Main activities outside of Group
Andrea Monaci	Chairman of the Board of Directors	Not applicable
Siliano Stanganini	Chief Executive Officer	Director of Pegaso S.r.l.
Francesca Nuti	Managing Director	Limited partner (<i>socio accomandante</i>) of F.I.M.A.C. di Vallecchi Marcello & C. S.A.S.
Pietro Garofalo	Director	Not applicable

The business address of each member of the Board of Directors is the Guarantor's registered office.

Board of Statutory Auditors

The table below sets out the names of and positions held by the members of the current Board of Statutory Auditors of the Guarantor, who were appointed by the Guarantor's shareholder's meeting held on 18 December 2013 for a period expiring on the date of the shareholder's meeting to approve the financial statements for the year ending 31 December 2015:

Name	Position	Main activities outside of Group
Luca Quercioli	Chairman of the Board of Statutory Auditors	Alternate Auditor of Il Coccio Umidificatori S.r.l. Alternate Auditor of Vangi Faliero S.r.l. in Liquidazione Alternate Auditor of I. & P. S.r.l. Auditor of Richard – Ginori 1735 – S.p.A. in Liquidazione Auditor of Museo Richard-Ginori della Manifattura di Doccia S.r.l. Auditor of Brogi & Collitorti S.p.A. Chairman of the Board of Statutory Auditors of Cogesto S.p.A. Chairman of the Board of Directors of Patrimony Holding S.p.A Chairman of the Board of Statutory Auditors of Ginori Real Estate S.p.A. in Liquidazione Auditor of Società Abetone Funivie S.A.F. S.p.A. Chairman of the Board of Statutory Auditors of Big Time Givers – Società Cooperativa Auditor of Immobiliare 214 S.p.A.
Marco Tanini	Auditor	Judicial Commissioner of Giancarlo Chiantini S.r.l. in Liquidazione Alternate Auditor of Intercomunale Telecomunicazioni Energia Servizi Acqua S.p.A. Judicial Liquidator of Aeroporto di Siena – S.p.A. Società in Liquidazione Chairman of the Board of Statutory Auditors of Monte Paschi Fiduciaria S.p.A. Sole Director of G.N.T. Contabilità S.r.l., Receiver of I Classici – S.r.l. Receiver of Hotel Toscana Verde S.r.l. Società in Liquidazione Auditor of Monte Dei Paschi di Siena Leasing & Factoring, Banca per I Servizi Finanziari alle Imprese S.p.A. Judicial Commissioner of Vannini Metalli & Impianti S.r.l. in Liquidazione Chairman of the Board of Statutory Auditors of Microcredito di Solidarietà S.p.A. Auditor of Volentieri Pellenc – S.r.l. Auditor of Nova e S.r.l. Auditor of Sinergia Green Tech S.r.l. Auditor of Nerbio S.r.l.
Caterina Fiore	Auditor	Not applicable

Name	Position	Main activities outside of Group
Saverio Carlesi	Alternate Auditor	<p>Chairman of the Board of Statutory Auditors of Nuovo Habitat Società Cooperativa Edificatrice</p> <p>Auditor of Cooperativa Coopercarmignanese – Società Cooperativa a Responsabilità Limitata</p> <p>Auditor of Cooperativa Edificatrice Nuova Città – Società Cooperativa a Responsabilità Limitata</p> <p>Liquidator of Consorzio Insedimenti Artigiani Novello – Società Cooperativa a Responsabilità Limitata in Liquidazione</p> <p>Chairman of the Board of Statutory Auditors of Abitcoop Società Cooperativa</p> <p>Auditor of Abitare Società Cooperativa a Responsabilità Limitata</p> <p>Liquidator of Co. Elettrica in Liquidazione</p> <p>Sole Auditor of Azienda Farmaceutica Consortile “Farmacom”</p> <p>Auditor of Edilizia Pubblica Pratese S.p.A.</p> <p>Liquidator of Immobiliare Mandriole S.r.l. in Liquidazione</p> <p>Shareholder and Director of Studio Professionale Carlesi Gennari Longini Grassi Grechi Commercialisti Associati</p> <p>Alternate Auditor of Cavriglia SPV S.p.A.</p> <p>Alternate Auditor of Tegolaia SPV S.p.A.</p> <p>Liquidator of Cavriglia O&M Società Consortile a Responsabilità Limitata in Liquidazione</p>
Monia Castiglioni	Alternate Auditor	<p>Chairman of the Board of Statutory Auditors of Immobiliare Giada S.p.A.</p> <p>Receiver of Linea Glass S.r.l. in Liquidazione</p> <p>Receiver of Team Rafanelli – S.r.l. Società in Liquidazione</p> <p>Alternate Auditor of Centro Commerciale il Mangia – S.r.l.</p> <p>Auditor of Beta Prima – S.r.l.</p> <p>Alternate Auditor of Cometa S.r.l.</p> <p>Receiver of Valdelsa Pareti – S.r.l.</p> <p>Auditor of Monte Dei Paschi di Siena Leasing & Factoring, Banca per i Servizi Finanziari alle Imprese S.p.A.</p> <p>Receiver of Rock Café S.r.l.</p> <p>Alternate Auditor of GMS S.r.l.</p> <p>Alternate Auditor of Metalferro S.r.l.</p> <p>Judicial Commissioner and Receiver of Stillfestel – S.r.l. in Liquidazione</p> <p>Chairman of the Board of Statutory Auditors of Paolo Carmignani – Società in Accomandita per Azioni</p> <p>Alternate Auditor of Sansedoni Siena S.p.A.</p>

The business address of each member of the Board of Statutory Auditors is the Guarantor’s registered office.

Auditors

At the Guarantor's shareholder's meeting of 10 March 2014, Reconta Ernst & Young S.p.A. were appointed to audit the Guarantor's financial statements for the years ending 31 December 2014, 2015 and 2016.

Conflicts of interest

As far as the Guarantor is aware, none of its directors or statutory auditors has any private interest and/or other duty which conflicts with their obligations deriving from their office.

SUMMARY FINANCIAL INFORMATION OF THE ISSUER AND THE GUARANTOR

The following tables contain:

- consolidated balance sheet and income statement information of the Issuer as at and for the years ended 31 December 2014 and 2013, derived from the Issuer's audited consolidated annual financial statements as at and for the years ended 31 December 2014 and 2013; and
- non-consolidated balance sheet and income statement information of the Guarantor as at and for the years ended 31 December 2014 and 2013, derived from the Guarantor's audited non-consolidated annual financial statements as at and for the year ended 31 December 2014 and its unaudited non-consolidated annual financial statements as at and for the period ended 31 December 2013.

The financial information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the Issuer's audited consolidated annual financial statements as at and for the years ended 31 December 2014 and 2013, the Guarantor's audited consolidated annual financial statements as at and for the year ended 31 December 2014 and its unaudited consolidated annual financial statements as at and for the period ended 31 December 2013, together with the accompanying notes and (where applicable) auditors' reports, all of which are incorporated by reference in this Prospectus. See "*Information Incorporated by Reference*".

The Issuer and the Guarantor have prepared the annual financial statements referred to above in accordance with Italian GAAP and, save as specified in the next paragraph, Reconta Ernst & Young S.p.A., auditors to the Issuer and the Guarantor, have audited those financial statements without qualification.

The Guarantor was incorporated on 22 October 2013 and its first financial statements cover the period from incorporation until 31 December 2013. The Guarantor was a non-operating company until 1 January 2014, when the transfer by the Issuer to the Guarantor of its natural gas distribution and LPG distribution and sale businesses took effect (see "*Description of the Issuer – History*"). As the Guarantor did not enter into any significant financial transactions during the period up to 31 December 2013, its financial statements as at and for the period ended 31 December 2013 are unaudited.

Copies of the above-mentioned annual financial statements of the Issuer are available for inspection by Noteholders, as described in "*Information Incorporated by Reference – Access to documents*".

E.S.TR.A. S.p.A.
Energia Servizi Territorio Ambiente
CONSOLIDATED ANNUAL BALANCE SHEETS

	As of 31 December	
	2013	2014
	(Euro)	
ASSETS		
Non-current assets		
<i>Intangible fixed assets</i>		
Start-up and expansion costs	298,655	412,447
Research, development and advertising.	147,441	54,696
Patents rights and intellectual property.....	2,526,972	3,909,210
Concessions, licences, trademarks and similar rights	3,098	243,325
Goodwill.....	18,198,438	10,687,756
Consolidation differences	2,053,071	1,368,714
Payments on account and assets under construction		5,460,912
Other	17,344,438	14,155,640
<i>Tangible fixed assets</i>		
Land and buildings	5,598,257	6,904,479
Plant and machinery	279,033,737	294,636,521
Industrial and commercial equipment	11,687,296	13,500,861
Other assets	3,505,078	3,650,693
Payments on account and assets under construction	4,748,724	3,384,226
<i>Long-term Investments</i>		
Investments in subsidiaries	1,428,143	28,471,939
Investments in associated companies	7,041,307	8,638,731
Receivables from subsidiaries	25,768,371	4,709,690
Receivables from associated companies	6,631,738	4,407,072
Receivables from others	6,338,398	1,749,985
Other securities	250,000	250,000
Total non-current assets.....	392,603,162	406,596,897
Current assets		
<i>Inventories</i>		
Raw materials, supplies and consumables.....	14,854,534	29,691,802
<i>Receivables</i>		
From customers.....	208,166,754	198,845,045
From subsidiaries	1,987,235	15,956,279
From associated companies.....	720,200	745,936
From holding companies	3,962,331	3,237,380
Tax credit.....	17,744,783	27,133,294
Deferred tax assets	18,491,308	15,837,357
From others	29,427,548	30,119,856
<i>Cash and cash equivalents</i>		
Bank and postal deposits	41,221,526	170,335,887
Cash and cash equivalents	14,275	14,900
Total current assets	336,590,494	491,917,736
Accruals and deferrals	1,937,177	3,259,975
Total assets.....	731,130,833	901,774,608

E.S.TR.A. S.p.A.
Energia Servizi Territorio Ambiente

CONSOLIDATED ANNUAL BALANCE SHEETS (Cont'd)

	As of 31 December	
	2013	2014
	<i>(Euro)</i>	
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Capital	205,500,000	205,500,000
Share premium reserve	6,510,000	6,510,000
Legal reserve	717,579	875,335
Other reserves	4,822,107	4,919,218
Retained earnings	6,445,835	6,542,503
Profit (loss) for the year	3,863,722	8,787,024
Total Group shareholders' equity	227,859,243	233,134,079
Capital and reserves attributable to minority interests	12,159,676	10,631,159
Profit (loss) for the year attributable to minority interests	1,151,219	1,457,133
Total shareholders' equity attributable to minority interests	13,310,894	12,088,292
Total consolidated equity	241,170,137	245,222,371
Provisions for risks and charges		
Provisions for retirement allowance and similar obligations	120,148	175,723
Provisions for taxation, including deferred taxation	5,306,863	4,537,644
Other provisions	7,182,809	12,489,770
Total provisions for risks and charges	12,609,820	17,203,137
Employee severance indemnity	7,623,011	7,301,397
Payables		
Bonds	-	51,164,384
Shareholder loans	-	16,850,000
Amounts owed to banks	194,563,167	306,605,378
Amounts owed to other lenders	-	7,507,584
Advances	12,549,199	11,915,545
Payables to suppliers	181,279,826	171,795,523
Amounts owed to subsidiaries	96	1,149,831
Amounts owed to associated companies	110,037	48,938
Amounts owed to holding companies	26,409,373	7,334,358
Tax liabilities	3,236,364	7,394,444
Amounts owed to social security institutions	1,131,532	1,486,845
Other payables	18,367,270	15,815,984
Total payables	437,646,864	599,068,813
Accruals and deferrals	32,081,001	32,978,890
Total liabilities	731,130,833	901,774,608

E.S.T.R.A. S.p.A.
Energia Servizi Territorio Ambiente

CONSOLIDATED ANNUAL INCOME STATEMENTS

	As of 31 December	
	2013	2014
	<i>(Euro)</i>	
Production value		
Revenues from sales and services	710,735,167	741,309,864
Change in stock of work-in-progress, semi-finished and finished goods	(37,086)	(10,474)
Increases in non-current assets from in-house production	11,911,623	13,338,510
Other revenues	15,463,126	17,018,546
Total production value	738,072,830	771,656,446
Production cost		
Cost for raw and ancillary materials, consumables and goods for sale	547,819,103	610,359,740
Cost for services	53,382,459	50,881,586
Cost for use of third party assets	18,973,498	19,029,246
Cost for personnel	30,994,509	30,694,685
Depreciation, amortisation and write-downs	31,789,600	23,927,754
Changes in inventories of raw and ancillary materials, consumables and goods for resale	1,162,657	(14,847,743)
Provisions for risks	2,328,206	230,000
Other provisions	35,220	55,575
Other operating expenses	25,572,576	16,611,754
Total production cost	712,057,829	736,942,597
Difference between production value and production cost	26,015,001	34,713,849
Financial income and charges		
Income from investments in subsidiaries	265,927	-
Other financial income	3,968,428	2,159,444
Interest and other financial expenses	(6,568,165)	(7,646,705)
Gains and losses on currency conversions	(159,863)	(18,692)
Total financial income and charges	(2,759,600)	(5,505,953)
Value adjustments of financial assets		
Revaluations of equity investments	83,229	3,064,107
Write-downs	(3,349,504)	(5,924,260)
Total value adjustments of financial assets	(3,266,275)	(2,860,153)
Extraordinary income and charges		
Income	1,826,526	3,240,422
Charges	(784,339)	(3,790,899)
Total extraordinary income and charges	1,042,187	(550,477)
Earnings before income taxes	21,031,313	25,797,266
Current, deferred and advanced income taxes	(16,016,372)	(15,553,109)
Profit/(loss) for the year		
Profit (loss) for the year attributable to minority interests	1,151,219	1,457,133
Group profit (loss) for the year	3,863,722	8,787,024
Total profit/(loss) for the year	5,014,941	10,244,157

CENTRIA S.r.l.
ANNUAL BALANCE SHEETS

	As of 31 December	
	2013	2014
	Unaudited	
	<i>(Euro)</i>	
ASSETS		
Non-current assets		
<i>Intangible fixed assets</i>		
Start-up and expansion costs	-	23,221
Patents rights and intellectual property.....	-	1,123,538
Payments on account and assets under construction	-	1,292,810
Other	-	2,308,664
<i>Tangible fixed assets</i>		
Land and buildings	-	1,429,987
Plant and machinery	-	402,784,591
Industrial and commercial equipment	-	13,382,496
Other assets	-	150,486
Payments on account and assets under construction	-	861,215
<i>Long-term Investments</i>		
Investments in other companies	-	5,000,000
Receivables from others	-	9,068
Total non-current assets	-	428,366,076
Current Assets		
<i>Inventories</i>		
Raw materials, supplies and consumables.....	-	3,327,209
<i>Receivables</i>		
From customers.....	-	10,067,715
From holding companies	-	2,705,746
From associated companies.....	-	7,929,308
From others	-	15,076,916
<i>Cash and cash equivalents</i>		
Bank and postal deposits	9,967	31,633,454
Total current assets	9,967	70,740,348
Accruals and deferrals	-	548,074
Total assets	9,967	499,654,497

CENTRIA S.r.l.
ANNUAL BALANCE SHEETS (Cont'd)

	As of 31 December	
	2013	2014
	<i>Unaudited</i>	
	<i>(Euro)</i>	
LIABILITIES AND SHAREHOLDER'S EQUITY		
Shareholder's equity		
Capital	10,000	180,000,000
Share premium reserve	-	10,510,000
Retained earnings	-	(2,007)
Profit (loss) for the year	(2,007)	16,192,112
Total shareholder's equity	7,993	206,700,105
Total provisions for risks and charges	-	48,120,934
Employee severance indemnity	-	3,697,871
Payables		
Amounts owed to banks	-	99,941,666
Advances	-	341,472
Payables to suppliers	1,974	32,255,577
Amounts owed to holding companies	-	65,962,286
Tax liabilities	-	3,066,977
Amounts owed to social security institutions	-	602,258
Other payables	-	6,611,508
Payables to associated companies	-	1,916,866
Total payables	1,974	210,698,610
Accruals and deferrals	-	30,436,977
Total liabilities	9,967	499,654,497

CENTRIA S.r.l.
ANNUAL INCOME STATEMENTS

	As of 31 December	
	2013	2014
	<i>Unaudited</i>	
	(Euro)	
Production value		
Revenues from sales and services	-	78,651,188
Increases in non-current assets from in-house production	-	12,926,220
Other revenues	-	5,167,843
Operating contributions	-	658,427
Total production value	-	97,403,678
Production cost		
Cost for raw and ancillary materials, consumables and goods for sale	-	(11,973,685)
Cost for services	(1,974)	(18,780,400)
Cost for use of third party assets	-	(14,803,767)
Cost for personnel	-	(13,020,864)
Depreciation, amortisation and write-downs	-	(16,923,449)
Changes in inventories of raw and ancillary materials, consumables and goods for resale	-	3,327,209
Other operating expenses	-	(15,509,420)
Total production cost	(1,974)	(87,684,376)
Difference between production value and production cost	(1,974)	9,719,302
Financial income and charges		
Income from investments in associated companies	-	120,161
Other financial income	(33)	174,365
Interest and other financial expenses	-	(3,998,645)
Total financial income and charges	(33)	(3,704,119)
Extraordinary income and charges		
Income	-	116,607
Charges	-	(787,330)
Total extraordinary items	-	(670,723)
Earnings before income taxes	(2,007)	5,344,460
Current, deferred and advanced income taxes	-	10,847,652
Total profit/(loss) for the year	(2,007)	16,192,112

REGULATION

EU and Italian laws materially regulate the Group's core energy business and may affect the Group's operating profit or the way it conducts business. The main legislative and regulatory measures applicable to the Group's energy business are summarised below. Although this summary contains the information that the Issuer considers material in the context of the issue of the Notes, 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 affecting the Group and of the impact these may have on an investment in the Notes and should not rely on this summary only.

General framework

EU energy regulation: the Third Energy Package

The European Union is active in energy regulation by means of its legislative powers, as well as investigations and other actions carried out by the European Commission. In 2009, the European institutions adopted EU Directive 2009/73/EC (the so-called "**Third Energy Package**"), which includes several directives and regulations aimed at completing the liberalisation of both electricity and gas markets. In particular, the Third Energy Package provides for the separation of supply and production activities from transmission network operations. To achieve this goal, Member States of the European Union have to choose between the following three options:

- full ownership unbundling. Under this option, vertically integrated undertakings must sell their gas networks/electricity grids to an independent operator, which will from then on carry out all network operations;
- Independent System Operator ("**ISO**"). Under this option, vertically integrated undertakings maintain the ownership of the gas networks/electricity grids, but they are obliged to designate an independent operator for the management of all network operations; and
- Independent Transmission Operator ("**ITO**"). This option is a variant of the ISO option; vertically integrated undertakings do not have to designate an ISO, but need to abide by strict rules ensuring separation between supply and transmission activities.

The Third Energy Package also contains several measures aimed at enhancing consumers' rights, such as the right to: (i) change supplier within three weeks and free of charge; (ii) obtain compensation if quality targets are not met; (iii) receive information on supply terms through bills and company websites; and (iv) see complaints dealt with in an efficient and independent manner. The Third Energy Package also strengthens protection for small businesses and residential customers, while rules are introduced to ensure that liberalisation does not cause detriment to vulnerable energy consumers. Finally, the Third Energy Package provides for the creation of a European Union agency for the coordination of national energy regulators, which issues non-binding framework guidelines for the national agencies. It is expected that this will result in more harmonised rules on energy regulation across the European Union.

As envisaged in the Third Energy Package, in March 2011 the Agency for the Cooperation of Energy Regulators ("**ACER**") began operations. ACER replaces and strengthens the European Regulators Group for Electricity and Gas ("**EREGG**"). ACER coordinates the actions of the national regulatory authorities in the energy sector and its main responsibilities are:

- establishing and regulating the rules governing European electricity and gas networks;
- establishing and regulating the terms and conditions for access to (and operational security for) cross-border infrastructures where national authorities are in disagreement; and

- implementing the “Ten-Year Network Development Plan”.

In Italy, the principles set out in the Third Energy Package (in particular, EU Directives 2009/72/EC, 2009/73/EC and 2008/92/EC), have been implemented by Legislative Decree no. 93 of 1 June 2011, published in the Official Gazette on 28 June 2011 (“**Legislative Decree 93/2011**”) and also by several resolutions adopted by the Italian Regulatory Authority for Electricity Gas and Water (the “**AEEGSI**”).

The main provisions of Legislative Decree 93/2011 include:

- (i) unbundling of the ISO, in order to prevent possible market abuses. In the electricity sector, the unbundling between grid ownership and production activity has been confirmed and the ISO is expressly prohibited from operating electricity production facilities. For the gas sector, an ITO model has been adopted, which, though maintaining a vertically integrated ownership structure, provides for more stringent functional separation rules and wider control and approval powers assigned to the AEEGSI;
- (ii) more efficient integration of renewable energy sources production into the electrical system; and
- (iii) confirmation of the exemption from the third party access (“**TPA**”) obligation in respect of new interconnection infrastructure.

With reference to the electricity sector, the duration of the exemption from the TPA obligation will be set on a case-by-case basis and the exemption will elapse if the relevant works are not started or the relevant infrastructure has not entered into operation within the time limits set out in the relevant exemption measure. With reference to the gas sector, in addition to the time limit set out in the relevant exemption measure, the new rules provide for a 25 year cap for the duration of the exemption and for the activation of an open season procedure in order to assess the interest of third parties in the relevant infrastructure notwithstanding the TPA exemption.

Italian energy regulation: Authorities

The Ministry for Economic Development (“**MED**”) and the AEEGSI share the responsibility for overall supervision and regulation of the Italian energy sector. In particular, the MED establishes the strategic guidelines for the energy sector, while the AEEGSI regulates specific and technical matters. The AEEGSI, *inter alia*:

- sets electricity and gas distribution tariffs, as well as the price for previously regulated (or “captive”) customers, which have not yet chosen a different supplier;
- makes observations and recommendations to the Government and Parliament regarding the market structure and the adoption and implementation of European Directives and licences or authorisations;
- establishes guidelines for the provision and distribution of services, as well as specific and general service standards and automatic refund mechanisms for users and consumers when standards are not met and for the accounting and administrative unbundling of the various activities under which the electricity and gas sectors are organised;
- protects the interests of customers, monitoring the conditions under which the services are provided and having the power to demand documentation and data, carry out inspections, obtain access to plants and impose sanctions, and determines the circumstances in which operators should be required to provide refunds to users and consumers;
- handles out-of-court settlements and arbitrations of disputes between users or consumers and operators; and

- reports to the Italian Antitrust Authority (the “**AGCM**”) any possible infringement of Law no. 287 of 10 October 1990 by companies operating in the electricity and gas sectors.

Furthermore, under Legislative Decree 93/2011, the AEEGSI establishes rules aimed at:

- achieving the highest quality level in the electricity and natural gas sectors;
- protecting vulnerable customers; and
- removing obstacles that could prevent the access of new operators to the electricity and gas market.

The AGCM also plays an active role in the energy market in ensuring fair competition between suppliers and protecting the rights of customers to choose their suppliers.

Natural Gas

Legislative Decree no. 164 of 23 May 2000 (the “**Letta Decree**”) - implementing EU Directive 1998/30/EC on gas sector liberalisation - introduced competition into the Italian natural gas market through the liberalisation of the import, export, transport, dispatching, distribution and sale of gas. The liberalisation process was subsequently strengthened by EU Directive 2003/55/EC and EU Directive 2009/73/EC, which introduced, on one hand, stricter unbundling obligations on companies operating in the gas transport, distribution and sale sectors and, on the other hand, incentives for new import infrastructure. The MED and the AEEGSI are responsible for implementing regulations as well as carrying out control and monitoring activities.

Sale

The Letta Decree distinguishes between wholesale activity and retail sale activity. Since 1 January 2002, only companies that are not engaged in any other activity in the natural gas sector, other than as importers, drillers or wholesalers, have been entitled to sell gas to retail customers.

Pursuant to article 17 of the Letta Decree, companies that intend to sell gas to retail customers must obtain a licence from the MED. Such authorisation is issued on the basis of criteria set by the MED, provided that the company meets certain requirements (such as appropriate technical and financial capacity) and may only be refused on objective and non-discriminatory grounds. A list of all companies authorised to sell gas to end customers is published by the MED on its website. Since 1 January 2003, retail customers have been able to choose between supplies of natural gas carried out on a free market basis or on a regulated basis. In the free market, the terms and conditions - including the price - of gas supply contracts are agreed between the supplier and the relevant end customer. Conversely, regulated tariffs (“*servizio di maggior tutela*”) are set out under the “*Testo integrato delle attività di vendita al dettaglio di gas naturale e gas diversi dal gas naturale e distribuiti a mezzo di reti urbane*” (the “**TIVG**”), as amended by AEEGSI Resolution no. 672/2014/r/gas. Pursuant to the TIVG, regulated tariffs apply to retail customers who do not opt for free market tariffs as well as to households where gas consumption does not exceed 200.000 Smc/year. The regulated tariff is composed of different cost elements relating to the specific services provided (i.e. transport, distribution, metering, marketing activities). Invoices to end customers must show the breakdown of such costs. In addition to the TIVG, transactions involving retail customers are also subject to rules for the safeguard of consumer rights (i.e. Legislative Decree of 6 September 2005, no. 206). Moreover, companies which sell gas to retail customers must comply with the “Gas Distribution Network Code” (see “*Regulatory Framework – Distribution*” for further details).

Since 2002 operators have been able to freely sell and purchase on a wholesale basis any quantity of natural gas on the “**PSV**” (*punto di scambio virtuale*), which is an electronic platform operated by Snam Rete Gas S.p.A. Moreover, Law of 23 July 2009, no. 99 (“**Law 99/2009**”) provided for the

establishment of a market exchange platform for the supply and sale of natural gas. Under Law 99/2009, GME S.p.A. (the “**Energy Market Operator**”) was designated as manager of the natural gas exchange market, in compliance with the principles of transparency, competition and non-discrimination. MED Decree of 18 March 2010 established a trading platform for the exchange of gas imports (P-Gas), managed by the Energy Market Operator. The gas exchange started in October 2010, with the Energy Market Operator acting as central counterparty (the M-Gas platform, formed of: (i) day ahead market - MGP-Gas, and (ii) intraday market - MI-Gas). The gas balancing market on the PB-Gas platform started in December 2011, which was managed by the Energy Market Operator, with Snam Rete Gas S.p.A. acting as central counterparty. On the gas balancing market, an *ex-post* gas exchange session takes place which is aimed at balancing the whole gas system and shipper positions (the part of the supply chain in which gas is produced or imported or bought from domestic producers or other shippers) through the purchase and sale of stored gas. On the PB-Gas platform, which is accessible to all operators, operators may acquire, on the basis of economic merit, the necessary resources to balance their positions and ensure the constant balance of the network, for the purposes of ensuring system security.

Distribution

Pursuant to article 14 of the Letta Decree, the distribution of natural gas is treated as a public service and may only be carried out under concessions by companies which do not provide other services in the gas sector, such as sale, dispatching or storage activities. Competition in this area has gradually increased. In particular, with effect from 1 January 2003, local authorities were required to convert into private companies the local public entities (mainly owned by municipalities) which previously were the only concession holders for the distribution service, although during the first two years from the conversion local authorities were still permitted to be the sole shareholders of these new companies, therefore maintaining direct public control on the distribution activity. The Letta Decree provides that concessions must be awarded by local authorities following a public tender process for a maximum period of 12 years. MED Decree dated 19 January 2011 sets out the minimum independent geographic areas (known as “*Ambiti Territoriali Minim*” – “**ATEM**”), each of which is assigned under concession to a distribution company by the relevant local authority unless neighbouring ATEM decide to form a larger concession area and carry out a joint tender procedure. The Italian territory has been divided into 177 ATEM, with the aim of increasing competition, efficiency and independence of concession holders from local authorities.

Tenders are awarded to the company which submits the most attractive economic offer with regard to the following criteria: (i) economic conditions, (ii) conditions for the provision of the service, (iii) quality of service and safety, (iv) investment plan for the development and maintenance of the distribution system and (v) technological improvements and innovation of the assets. The tender process became mandatory from 1 January 2006 for concessions held by local public entities and awarded without a tender process before the Letta Decree came into force: such concessions terminated on 1 January 2006 notwithstanding their original duration and a tender process was subsequently required in order to award such concessions. For concessions awarded through a tender process before the Letta Decree came into force, the maximum 12 year period applied. In the event that, on expiry of a concession, the outgoing operator is entitled to compensation for transferring the legal title to the distribution facilities to the incoming operator, the incoming operator must pay to the outgoing operator such compensation, calculated on the basis of the criteria set out in the concession or, if the relevant concession does not set out such criteria, pursuant to the MED’s guidelines issued on 22 May 2014.

Law decree no. 192 of 31 December 2014 confirmed the deadline of 11 July 2015 for publishing tenders in respect of certain ATEM and introduced sanctions to be imposed on local authorities which fail to publish tenders by 31 December 2015.

The AEEGSI approved and published under Resolution of 6 June 2006 no. 108 the standard “Gas Distribution Network Code” to be adopted by all natural gas distribution companies. The Gas Distribution Network Code regulates the relationship between distribution companies, on one side, and gas sellers and retail customers, on the other side. The Gas Distribution Network Code sets out the various distribution services and the required levels of performance. Among these it is worth mentioning: acceptance of the gas delivered by the seller entitled to introduce gas into the distribution facility, transportation of the accepted gas to the delivery points, measurement of the accepted and transported gas, connection of the end customer to the gas network and maintenance of the network. Most important, distribution companies must grant access to the distribution network to any requesting seller who fulfils the technical requirements detailed under the Gas Distribution Network Code and under the relevant AEEGSI Resolutions.

Under Resolution no. 573/2013/r/gas (relating to the administration of municipalities and multi-municipalities) as supplemented by Resolution no. 367/2014/2/gas (relating to the administration of concessions), the AEEGSI set out the tariffs for natural gas distribution and metering services for the regulatory period from 1 January 2014 to 31 December 2019 (the “*Testo Unico delle disposizioni della regolazione della qualità e delle tariffe dei servizi di distribuzione e misura del gas per il periodo di regolazione 2014-2019*”) to be paid by customers to the distribution company. The main features of the tariff are: (i) capital interest base return rate (WACC), (ii) recognition of the operating costs of distribution operations, (iii) recognition of the operating costs of metering and sales operations, (iv) revenues related to new investments and (v) inflation updates.

The exact amount of the tariff is determined each year by the AEEGSI (AEEGSI Resolution no. 634/2014/r/gas sets out the revised tariffs for 2015). Furthermore, the current tariff system identifies a “mandatory tariff” applicable to retail customers (which takes into account the average costs of the distribution services in each of the 6 geographical areas in which the Italian territory is divided) and a “reference tariff” based on the distribution company’s recognised distribution costs. Under the currently applicable tariff system, a cost offsetting/equalisation system (*perequazione*) has been introduced to allow gas distribution companies to recover any discrepancies between the “reference tariff” and the “mandatory tariff”. This offsetting mechanism is regulated by the AEEGSI and carried out by the “Cassa Conguaglio per il Settore Elettrico” (“**CCSE**”).

Natural gas distribution companies (together with electricity distribution companies) are required under Legislative Decree no. 79 of 16 March 1999 (the “**Bersani Decree**”) to implement energy efficiency measures for end users that are consistent with quantity targets fixed by ministerial decree each year. To prove that they have achieved such targets and avoid penalties, distribution companies must deliver to the AEEGSI by May 31 of each year a certain number of Energy Efficiency Certificates (so-called “*white certificates*”, i.e. an incentive mechanism to promote energy efficiency which came into force on 1 January 2005) (the “**TEE**”). Under MED Decree of 28 December 2012, the MED set out revised energy efficiency targets for the 2013-2016 period. Distribution companies may also buy TEEs from third parties, and TEEs can be traded on an *ad hoc* virtual trading platform managed by the Energy Market Operator. The TEE achieved by distributors to meet their purposes are rewarded according to parameters defined by the AEEGSI.

Under Resolution no. 348/2013/R/efr, the AEEGSI gave authority to the CCSE to pay the relevant annual tariffs to each distribution company. For the period from 2008 to 2012, the value of the tariffs for each year (t+1), for the achievement of energy efficiency targets, was determined by the AEEGSI by 30 November of the previous year (t). Under Resolution no. 13/2014/R/efr dated 23 January 2014, the AEEGSI introduced new criteria to determine the value of the tariffs to cover the costs incurred by distribution companies which are subject to TEE obligations, which became applicable from 2013 (inter-ministerial decree of 28 December 2012 amended, supplemented and in part revoked the provisions of inter-ministerial decree of 21 December 2007).

Electricity

The Bersani Decree, implementing Directive 96/92/EC, started the transformation process of the electricity sector from a highly monopolistic industry to one in which energy prices charged by producers are determined by competitive bidding, and provided for a gradual liberalisation of the electricity market so that all customers ("**Eligible Customers**") are now able to freely contract with producers, wholesalers or distributors to buy electricity.

The Bersani Decree established a general regulatory framework for the Italian electricity market that gradually introduced competition with respect to electricity production and sales to Eligible Customers while maintaining a monopolised structure with respect to electricity transmission and distribution to non-Eligible Customers. In particular, the Bersani Decree and subsequent implementing regulations:

- as of 1 April 1999, liberalised the activities of electricity production, import, export, purchase and sale;
- as of 1 January 2003, provided that no company is allowed to produce or import, directly or indirectly, more than 50 per cent of the total electricity produced in and imported into Italy, in order to increase competition in the electricity market;
- provided for the establishment of the *Acquirente Unico* (the "**Single Buyer**"), a company which must enter into and operate supply contracts in order to guarantee the availability of the necessary production capacity and supply of electricity and the continuity, security and efficiency of service of the entire system, as well as equality of treatment, including tariff treatment;
- provided for the creation of the "Power Exchange", a virtual platform in which producers, importers, wholesalers, distributors, the operator of the national transmission grid, the Single Buyer and other participants in the free market buy and sell electricity at prices determined through a competitive bidding process;
- provided for the creation of the Energy Market Operator, which manages the Power Exchange; and
- provided that, also pursuant to MED Decree of 20 April 2005 (as subsequently amended by MED Decree of 15 December 2010), transmission and dispatching activities are assigned to Terna S.p.A. ("**Terna**") as owner and independent operator of the national transmission grid in accordance with the applicable regulatory regime set forth by the AEEGSI. Terna is a listed company whose largest shareholder is Cassa Depositi e Prestiti S.p.A., a state-owned financial institution. Terna must connect to the national transmission grid all parties who request connection, in accordance with the rules set out under the code for transmission, dispatching, development and security of the grid which was approved under AEEGSI Resolution no. 79 of 29 April 2005 and AEEGSI Resolution no. 49 of 3 March 2006 (the so-called "Grid Code").

In addition, Law no. 290 of 27 October 2003 required the reunification of ownership and management of the transmission grid. Law no. 239 of 23 August 2004 (the "**Marzano Law**") reorganised certain aspects of the electricity market regulatory framework, including limiting the "captive market" to households pursuant to Directive 2003/54/EC concerning common rules for the internal market in electricity and repealing Directive 96/92/EC.

Sale

Pursuant to article 1, paragraph 2 of the Marzano Law, no governmental licence, consent or permit is required to carry out electricity sale and purchase activities. The sale activity can be split into wholesale and retail.

Pursuant to Law Decree no. 73 of 18 June 2007, as of 1 July 2007, retail customers have a right to withdraw from existing electricity supply contracts, in accordance with the procedures established by the AEEGSI, and to select a different electricity supplier. For end customers which have opted for free market conditions, the terms and conditions - including the price - of electricity supply contracts may be agreed between the supplier and the relevant end customer. For end customers which have not opted for free market conditions, the regulated tariffs apply, as set out under the "*Testo integrato delle disposizioni dell'autorità per l'energia elettrica e il gas per l'erogazione dei servizi di vendita dell'energia elettrica di maggior tutela e di salvaguardia ai clienti finali ai sensi del decreto legge 18 giugno 2007, n. 73/07*" (the "**TIV**"), as amended by AEEGSI Resolution no. 671/2014/r/eel. The TIV provides as follows:

- (i) households and small businesses that have fewer than 50 employees, a turnover lower than Euro 10 million and low levels of electricity consumption may access the so-called "*servizio di maggior tutela*" regulated market, for which the electricity tariffs are set by the AEEGSI. Ultimately, the responsibility for the supply of electricity to such customers is on the Single Buyer. The regulated tariff is composed of different cost elements relating to the specific services provided (i.e. transport, distribution, marketing activities). Invoices to end customers must show a breakdown of such costs;
- (ii) end customers not falling under paragraph (i) above only have access to the "safeguarded service" (so-called "*servizio di salvaguardia*"), under which electricity is provided at higher rates than the market rate in order to incentivise customers to access the free market; and
- (iii) for customers falling under paragraphs (i) and (ii) above, the applicable rates and standard terms and conditions of supply are set out under AEEGSI resolutions (the most recent of which is AEEGSI Resolution no. 671/2014/R/eel dated 29 December 2014, which sets out the revised tariffs for the "*servizio di maggior tutela*" for the period from 1 March to 31 March 2015).

Pursuant to Law Decree of 23 December 2013, no.145, on the basis of the hourly energy trends on the free market, the AEEGSI must determine revised criteria for the calculation of the rates for electricity supply to end customers who do not buy electricity on the free market. Pursuant to AEEGSI Resolution no. 170/2014/r/eel, the AEEGSI must monitor the hourly energy trends and if necessary determine revised criteria.

In addition, for retail transactions supply contracts are entered into directly with end customers and, therefore, the contract rules for the safeguard of consumer rights also apply (i.e. Legislative Decree of 6 September 2005, no. 206), together with the safeguard regulation and rules approved by the AEEGSI.

Wholesale transactions may be carried out over the counter or on the Power Exchange market, or may consist of purchases by the Single Buyer.

Since 1 April 2004, producers can sell electricity on the Power Exchange market (also referred to as the "IPEX") at the system marginal price defined by hourly auctions. Alternatively they may choose to enter into bilateral contracts and agree the price with their counterparties. The Single Buyer is the largest wholesaler in the market, purchasing approximately 30 per cent. of the total national demand. The Single Buyer purchases electricity on the Power Exchange market through bilateral contracts (including contracts for differences) entered into with producers and imports electricity. The total amounts paid by the Single Buyer to producers plus its own operating costs must be equal to the total revenues it earns from electricity sales to retail companies operating within the regulated market under the regulated tariff structure. As a consequence, the AEEGSI adjusts the regulated tariffs from time to time to reflect the tariffs paid by the Single Buyer. Other participants in the Power Exchange market are producers, integrated operators, wholesalers and some large electricity users.

The organised platforms also include the Forward Electricity Market ("**FEM**"), managed by the Energy Market Operator, in which forward electricity contracts for physical delivery are traded, and the Electricity Derivatives Market ("**IDEX**"), managed by Borsa Italiana S.p.A., where special derivative instruments with electricity as the underlying asset are traded. In addition, for the purpose of providing dispatching services, which consist in the management and balancing of the electricity flow on the grid, electricity produced may be sold on a special market, the Ancillary Services Market ("**ASM**"), where Terna obtains the necessary resources from producers.

The AEEGSI and AGCM constantly monitor the Power Exchange market to ensure that it reaches the expected goals: improving competition between electricity producers and enhancing the efficiency of the Italian electricity system.

TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax and legal advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

Republic of Italy

The following is a general summary of current Italian law and practice relating to certain Italian tax considerations concerning the purchase, ownership and disposition of the Notes. It does not purport to be a complete analysis of all tax considerations that may be relevant to your decision to purchase, own or dispose of the Notes, does not purport to deal with the tax consequence applicable to all categories of prospective beneficial owners of Notes, some of which may be subject to special rules.

This summary is based upon tax laws and practice of the Republic of Italy in effect on the date of this Prospectus, which are subject to change potentially retroactively. The Issuer will not update this summary to reflect changes in laws and if such a change occurs the information in this summary could become invalid. Changes in the Issuer's organizational structure, tax residence or the manner in which it conducts its business may invalidate this summary. This summary also assumes that each transaction with respect to the Notes is at arm's length.

Where in this summary English terms and expressions are used to refer to Italian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian concepts under Italian tax law.

*The statements herein take into account the provisions of Law Decree No. 66/2014, published in the Official Gazette No. 95 of 24 April 2014, as converted into law with amendments by Law No. 89 of 23 June 2014, published in Official Gazette No. 143 of 23 June 2014 ("**Decree No. 66**"). In particular, Decree No. 66 has increased from 20 per cent. to 26 per cent. the rate of withholding and substitute taxes applicable on interest accrued, and capital gains realized, as of 1 July 2014 on certain financial instruments (including the Notes).*

*The statements herein take into account also the provisions of Law No. 190 of 23 December 2014, published in the Official Gazette No. 300 of 29 December 2014 ("**Law No. 190/2014**"), containing a set of extraordinary measures to stabilize public finances.*

Prospective purchasers of Notes should consult their tax and legal advisers as to the overall tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.

1. Tax Treatment of Notes - General

Legislative Decree No. 239 of 1 April 1996 as amended and supplemented ("**Legislative Decree No. 239**") provides for the applicable regime with respect to 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*) within the meaning of Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented ("**Decree No. 917**") issued, inter alia, by:

- a) companies resident of Italy for tax purposes whose shares are listed on a regulated market or on a multilateral trading platform of EU Member States and of the States party to the EEA Agreement included in the “white list” provided for by Article 168-bis of Decree No. 917 (for the time being, reference is to be made to the Ministerial Decree of September 4, 1996, as subsequently amended and supplemented); or
- b) company resident of Italy for tax purposes whose shares are not listed, issuing notes that will be listed upon their issuance on the aforementioned regulated markets or platforms.

For the above purpose, pursuant to Article 44 of Decree No. 917, debentures similar to bonds are securities that (i) incorporate an unconditional obligation to pay, at maturity, an amount not lower than their nominal value and (ii) do not grant to the relevant holders any right to directly or indirectly participate to the management of the issuer or of the business in relation to which they are issued or to control the same management.

2. Italian Resident Noteholders

In case of Notes qualifying as bonds (*obbligazioni*) or debentures similar to bonds (*titoli simili alle obbligazioni*) held by an Italian resident Noteholder who is beneficial owner of the Notes and is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation (in each case, unless the relevant Noteholder has entrusted the management of its financial assets, including the Notes, to an Italian authorised intermediary and has opted for the application of the so-called *Risparmio Gestito* regime provided for by Article 7 of Italian Legislative Decree 21 November 1997, No. 461 - see under “Capital Gains” below), Interest payments relating to the Notes, during the relevant holding period, are subject to a final tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent. (or 20 per cent. on Interest accrued up to 30 June 2014).

In the event that the Noteholders described under (i) or (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax. In such case, Interest relating to the Notes (i) will be subject to the *imposta sostitutiva* on account of income tax due and (ii) will be included in the relevant Noteholder’s annual corporate taxable income to be reported in the income tax return. As a consequence, such income will be subject to the ordinary income tax and the *imposta sostitutiva* may be recovered as a deduction from the income tax due.

Pursuant to Legislative Decree No. 239, *imposta sostitutiva* is generally applied by banks, *società di intermediazione mobiliare* (SIMs), fiduciary companies, *società di gestione del risparmio* (SGRs), stockbrokers and other entities identified by decrees of the Ministry of Finance who are (i) resident in Italy or permanent establishments in Italy of non-Italian resident financial intermediaries and (ii) intervene, in any way, in the collection of Interest relating to the Notes or in the transfer of the Notes (each an “**Intermediary**”).

Where an Italian resident Noteholder who is beneficial owner of the Notes is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are timely deposited together with the relevant Coupons with an Intermediary, Interest will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder’s income tax return and are therefore subject to general Italian corporate income tax (“**IRES**”), currently applying at 27.5 per cent. rate and, in certain circumstances, depending on the “status” of the Noteholder, also to *imposta regionale sulle attività produttive*, the regional tax on productive activities (“**IRAP**”), generally applying at the rate of 3.9 per cent. (IRAP applies at different rates for certain categories of investors, e.g. banks, financial institutions and insurance companies and, in any case, can be increased by regional laws).

Payments of Interest in respect of the Notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998 and Article 14-bis of Law No. 86 of 25 January 1994 (“**Real Estate Funds**”) should not be subject to *imposta sostitutiva* and do not suffer any other income tax in the hands of the Real Estate Fund, provided that the Notes, together with the relevant Coupons, are timely deposited with an Intermediary. Unitholders are generally subject to a 26 per cent. withholding tax (or 20 per cent. until 30 June 2014) on distributions from Real Estate Funds. Furthermore, a direct imputation system (tax transparency) is provided for certain non-qualifying unitholders (e.g. Italian resident individuals) holding more than 5 per cent. of the units of the fund.

If the Noteholder is resident in Italy and is an open-ended or closed-ended investment fund (the “**Fund**”) or a SICAV, and the Notes, together with the relevant Coupons, are timely deposited with an authorised Intermediary, Interest accrued during the holding period on the Notes should not be subject to *imposta sostitutiva* and do not suffer any other income tax in the hands of the Funds. A 26 per cent. withholding tax is levied on proceeds received by certain categories of unitholders upon (i) distribution by Fund; or (ii) redemption or disposal of the units or liquidation of the Fund. Upon the occurrence of any of the events under (ii) above the rate of such withholding tax still applies at the 20 per cent. rate with reference to the portion of proceeds accrued up to 30 June 2014.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of Legislative Decree 5 December 2005, No. 252) (“**Pension Funds**”) and the Notes, together with the relevant Coupons, are timely deposited with an Intermediary, Interest payments 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 the tax period, to be subject to an *ad hoc* 20 per cent. substitute tax (11.5 cent. substitute tax for fiscal year 2014 and 11 per cent. substitute tax for fiscal year 2013).

Where an Italian resident Noteholder has opted for the *Risparmio Gestito* regime with respect to its investment in the Notes, such Noteholder will be subject to a 26 per cent. annual substitute tax (or 20 per cent. until 30 June 2014) on the increase in value of the managed assets accrued at the end of each tax year. In such case, Interest payments relating to the Notes will be included in the calculation of said annual increase in value of managed assets.

Where the Notes and the relevant Coupons are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any Italian intermediary (or permanent establishment in Italy of foreign intermediary) that intervenes in the payment of Interest to any Noteholder or by the Issuer and Noteholders who are Italian resident companies 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.

3. Non-Italian Resident Noteholders

Where a Noteholder who is the beneficial owner of the Notes is a non-Italian resident, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (i) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy; or (ii) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (iii) a Central Bank or an entity which manages, inter alia, the official reserves of a foreign State; or (iv) subject to certain exceptions, an institutional investor which is resident or established in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of taxpayer in its own country of residence.

Please note that the currently applicable “white list” providing for countries allowing for a satisfactory exchange of information with Italy is provided for by Ministerial Decree 4 September 1996, as subsequently amended and supplemented. According to the Law 24 December 2007, No. 244 (the

“**Budget Law 2008**”), a decree still to be issued is proposed to introduce a new “white list” replacing the current one.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. (or 20 per cent. until 30 June 2014) or at the reduced or nil rate provided for by the applicable double tax treaty (if any, and in any case subject to compliance with relevant subjective and procedural requirements) to Interest paid to Noteholders who are resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy.

In order to ensure gross payment, qualifying non-Italian resident Noteholders must be the beneficial owners of the payments of Interest and (i) deposit, directly or indirectly, the Notes, together with the relevant Coupons, with an Italian resident bank or SIM or other qualified intermediary or a permanent establishment in Italy of a non-Italian resident bank or SIM or other qualified intermediary or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economics and Finance and (ii) timely file with the relevant depository a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to meet the requirements to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in the case of foreign Central Banks or entities which manage, inter alia, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001. Additional statements may be required for non-Italian resident Noteholders who are institutional investors.

4. Payments made by an Italian resident Guarantor

There is no authority directly regarding the Italian tax regime of payments on notes made by an Italian resident guarantor. Accordingly, there can be no assurance that the Italian tax authorities will not assert an alternative treatment of such payments than that set forth herein or that the Italian courts would not support such an alternative treatment.

With respect to payments on the Notes made to Italian resident Noteholders by an Italian resident guarantor, in accordance with one interpretation of Italian tax law, any such payments may be subject to Italian withholding tax at the rate of 26 per cent. (or 20 per cent. until 30 June 2014) levied as a final tax or a provisional tax (“*a titolo d’imposta o a titolo di acconto*”) depending on the “status” of the Noteholder, pursuant to Presidential Decree 29 September 1973, No. 600, as subsequently amended. In the case of payments to non-Italian resident Noteholders, the withholding tax should be final. Double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax in case of payments to non-Italian residents, subject to compliance with relevant subjective and procedural requirements.

In accordance with another interpretation, any such payment made by the Italian resident guarantor should be treated, in certain circumstances, as a payment by the relevant Issuer and should thus be subject to the tax regime described in the previous paragraphs of this section.

5. Capital Gains

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable business income subject to ordinary taxation (and, in certain circumstances, depending on the “status” of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is an individual not engaged in an entrepreneurial activity to which the Notes are connected and certain other persons, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent. (or 20 per cent. for capital gains realised up to 30 June 2014). Noteholders may set-off capital losses with gains of the same nature.

For the purposes of determining the taxable capital gain, Interest on the Notes accrued and unpaid up to the time of the purchase and the sale of the Notes must be deducted from the purchase price and the sale price, respectively.

In respect of the application of *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss of the same nature, realised by the Italian resident individual Noteholder holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss of the same nature, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains of the same nature realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (*Risparmio Amministrato* regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries (or permanent establishments in Italy of foreign intermediaries) and (ii) an express election for the *Risparmio Amministrato* regime being timely made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes, net of any incurred capital loss of the same nature, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *Risparmio Amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains of the same nature subsequently realised, within the same securities management relationship, in the same tax year or in the following tax years up to the fourth. Under the *Risparmio Amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

Any capital gains on Notes held by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so-called *Risparmio Gestito* regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax (or 20 per cent. for capital gains realised up to 30 June 2014), to be paid by the managing authorised intermediary. Under the *Risparmio Gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *Risparmio Gestito* regime, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Any capital gains on Notes held by a Noteholder who is a Fund or a SICAV is subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the Funds. Please refer to paragraph Italian Resident Noteholders above.

Any capital gains on Notes held by a Noteholder who is a Pension Fund will be included in the result of the relevant portfolio accrued at the end of the tax period to be subject to an *ad hoc* 20 per cent. substitute tax (11.5 per cent. substitute tax for fiscal year 2014 and 11 per cent. substitute tax for fiscal year 2013).

Any capital gains realised by Real Estate Funds on the Notes are not taxable at the level of Real Estate Funds. Please refer to the paragraph entitled “2. Italian Resident Noteholders” above.

Capital gains realised by non-Italian resident Noteholders (without a permanent establishment in Italy to which the Notes are effectively connected) from the sale or redemption of Notes traded on regulated markets in Italy or abroad are not subject to the *imposta sostitutiva*, regardless of whether the Notes are held in Italy. In such a case, in order to benefit from this exemption from Italian taxation on capital gains, non-Italian resident Noteholders who hold the Notes with an Italian authorised financial intermediary and elect to be subject to the *Risparmio Gestito* regime or are subject to the so-called *Risparmio Amministrato* regime according to Article 6 of Italian Legislative Decree 21 November 1997, No. 461, may be required to produce in due time to the Italian authorised financial intermediary an appropriate self-declaration that they are not resident in Italy for tax purposes.

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian or non-Italian resident Issuer not traded on regulated markets may in certain circumstances be taxable in Italy if the Notes are held in Italy. However, a non-Italian resident beneficial owner of Notes without a permanent establishment in Italy to which the Notes are effectively connected is not subject to the *imposta sostitutiva* on capital gains realised upon sale or redemption of the Notes, provided that he/she/it: (i) is resident in a country which allows for a satisfactory exchange of information with Italy; or (ii) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (iii) is a Central Bank or an entity which manages, inter alia, the official reserves of a foreign State; or (iv) is an institutional investor which is resident or established in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of taxpayer in its own country of residence. In such cases, in order to benefit from this exemption from Italian taxation on capital gains, non-Italian resident Noteholders who hold the Notes with an Italian authorised financial intermediary and elect to be subject to the *Risparmio Gestito* regime or are subject to the so-called *Risparmio Amministrato* regime according to Article 6 of Italian Legislative Decree 21 November 1997, No. 461 may be required to produce in due time to the Italian authorised financial intermediary an appropriate self-declaration stating that they meet the subjective requirements indicated above. Additional statements may be required for non-Italian resident Noteholders who are institutional investors.

Please note that the currently applicable “white list” providing for countries allowing for a satisfactory exchange of information with Italy is provided for by Ministerial Decree 4 September 1996, as subsequently amended and supplemented. According to the Budget Law 2008, a decree still to be issued is proposed to introduce a new “white list” replacing the current one. Moreover, in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the 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 the sale or redemption of Notes. In such a case, in order to benefit from this exemption from Italian taxation on capital gains, non-Italian resident Noteholders who hold the Notes with an Italian authorised financial intermediary and elect to be subject to the *Risparmio Gestito* regime or are subject to the *Risparmio Amministrato* regime according to Article 6 of Italian Legislative Decree 21

November 1997, No. 461 may be required to produce in due time to the Italian authorised financial intermediary appropriate documents which include, inter alia, a statement from the competent tax authorities of the country of residence.

6. Stamp tax

Article 19 of Law Decree No. 201 of 6 December 2011 ("**Decree 201**") has introduced a stamp tax at proportional rates on periodical bank statements (*estratti conto*) sent by banks and financial intermediaries regarding, with certain exceptions (e.g. investments in pension funds), all financial instruments deposited in Italy. The stamp tax is collected by banks and other financial intermediaries. By operation of law, the bank statement is deemed as sent to the investor at least once a year. The stamp tax applies at a rate of 0.2 per cent. and it cannot exceed €14,000 for taxpayers different from individuals. In particular, it is applied, on a yearly basis, on the market value of the financial instruments, or, lacking such value, on the nominal or reimbursement value of such instruments.

7. Transfer tax

Article 37 of Law Decree No. 248 of 31 December 2007, converted into Law 28 February 2008, No. 31 abolished the Italian transfer tax previously applicable on certain transfers of securities, provided for by Royal Decree 30 December 1923, No. 3278 as amended and supplemented by the Legislative Decree 21 November 1997, No. 435.

Following the repeal of the Italian transfer tax, as from 31 December 2007 contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds (*atti pubblici e scritture private autenticate*) executed in Italy are subject to fixed registration tax at rate of €200; (ii) private deeds (*scritture private autenticate*) are subject to registration tax at rate of €200 only in case of use or voluntary registration.

8. Wealth tax on securities deposited abroad

Pursuant to Article 19 of Decree 201, Italian resident individuals holding the Notes outside the Italian territory are required to pay a wealth tax at a rate of 0.2 per cent. (for 2014 onward).

This tax is calculated on the market value of the Notes at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the country where the financial assets are held (up to an amount equal to the Italian wealth tax due).

9. Tax monitoring

Pursuant to Italian Law Decree 28 June 1990, No. 167, converted by Law 4 August 1990, No. 227, as amended ("**Decree No. 167**"), individuals, non-commercial institutions and non-commercial partnerships resident in Italy who, at the end of the fiscal year, hold investments abroad or have foreign financial assets (including Notes held abroad and/or Notes issued by a non-Italian resident Issuer) must, in certain circumstances, disclose the aforesaid and related transfers to, from and occurred abroad, to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time prescribed for the income tax return). This obligation does not exist (i) in cases where each of the overall value of the foreign investments or financial assets at the end of the fiscal year, and the overall value of the related transfers to, from and occurred abroad carried out during the relevant fiscal year, does not exceed €15,000, as well as (ii) in case the financial assets are given in administration or management to Italian banks, SIMs, fiduciary companies or other professional intermediaries, indicated in Article 1 of Decree No. 167, or if one of such intermediaries intervenes, also as a counterpart, in their transfer,

provided that income deriving from such financial assets is collected through the intervention of such an intermediary.

10. Italian inheritance and gift tax

Transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation of Italian residents and of non-Italian residents, but in such latter case limited to assets held within the Italian territory (which, for presumption of law, includes bonds issued by Italian resident issuers), are generally taxed in Italy as follows:

- (i) 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 value of the inheritance or the gift exceeding €1,000,000 for each beneficiary;
- (ii) transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding €100,000 for each beneficiary;
- (iii) 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.; and
- (iv) 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 the gift.

If the beneficiary has a serious disability recognised by law, inheritance and gift taxes apply on its portion of the net asset value exceeding €1,500,000.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Tax Directive**"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a paying agent (within the meaning of the EU Savings Tax Directive) within its jurisdiction to, or collected by such a paying agent (within the meaning of the EU Savings Tax Directive) for, an individual resident or certain limited types of entity known as "residual entities" as defined in article 4-2 of the EU Savings Tax Directive established in that other Member State; however, for a transitional period, certain EU countries will instead operate a withholding tax system for a transitional period in relation to such payments unless during such period they elect otherwise. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries (including Switzerland) and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent within its jurisdiction to, or collected by such a paying agent for, an individual resident or certain limited types of entity known as "residual entities" established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a paying agent in a Member State to, or collected by such a paying agent for, an individual resident or certain limited types of entity known as "residual entities" established in one of those territories.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above (the "**Amending Directive**"). Member States are required to (i) adopt the provisions necessary to comply with the Amending Directive by 1 January 2016 and (ii) apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the EU Savings Tax Directive, in particular to include additional

types of income payable on securities. The Amending Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

The Luxembourg Government has abolished the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the EU Savings Tax Directive.

Implementation in the Republic of Italy of EU Savings Tax Directive

Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of 18 April 2005 (“**Decree 84**”). Under Decree 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and which are resident for tax purposes in another Member State, Italian qualified paying agents shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

With reference to the definition of interest subject to the above described regime, Article 2, paragraph 1, lett. a, of Decree 84 provides that it includes, inter alia: “interest paid or credited, on accounts arisen from receivables of whatever nature, secured or not by mortgage (...), in particular interest and any other proceed, arising from public bonds and other bonds”.

Prospective investors resident in a Member State of the European Union should consult their own legal or tax advisers regarding the consequences of the EU Savings Directive in their particular circumstances.

Financial transactions tax

On 14 February 2013, the EU Commission adopted a proposal for a Council Directive (the “**Draft Directive**”) on a common financial transaction tax (“**FTT**”). According to the Draft Directive, the FTT shall be implemented and enter into effect in eleven EU Member States (Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Spain, Slovakia and Slovenia; the “**Participating Member States**”). Although implementation was originally envisaged for 1 January 2014, the process has been delayed. Pursuant to the Draft Directive, the FTT shall be payable on financial transactions provided at least one party to the financial transaction is established or deemed established in a Participating Member State and there is a financial institution established or deemed established in a Participating Member State which is a party to the financial transaction. Among others, FTT shall however not be payable on primary market transactions referred to in Article 5 (c) of Regulation (EC) No. 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

The rates for the FTT shall be fixed by each Participating Member State but shall amount for transferrable financial instruments other than derivatives to at least 0.1 per cent. of the taxable amount. The taxable amount shall in general be determined by reference to the consideration paid or owed in return for the transfer. The FTT shall be payable by each financial institution established or deemed established in a Participating Member State which is a party to the financial transaction. Where the FTT due has not been paid timely, each party to a financial transaction, including persons other than financial institutions shall become jointly and severally liable for the payment of the FTT due.

On this basis in particular the sale, purchase and exchange of the Notes will be subject to the FTT at a minimum rate of 0.1 per cent. provided the above-mentioned prerequisites are met. The holder may be liable to itself pay this charge or reimburse a financial institution for the charge and/or the charge

may affect the value of the Notes. To the contrary, the issuance of Notes under the programme should not be subject to FTT.

The Draft Directive is still subject to negotiations among the Participating Member States and therefore might be changed at any time. Moreover, the provisions of the Draft Directive once adopted (the "**Directive**") need to be implemented into the respective domestic laws of the Participating Member States and the domestic provisions implementing the Directive might deviate from the provisions contained in it. Prospective holders of the Notes should consult their own tax advisers in relation to the consequences of the FTT associated with subscribing, purchasing, holding and disposing of the Notes.

FATCA Withholding

The Issuer and other non-U.S. financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2016 if the Notes are materially modified on or after the date that is six months after the date on which Treasury Regulations that define the term "foreign passthru payment" are filed with the Federal Register (such date, the "**Grandfathering Date**") pursuant to the foreign account provisions ("**FATCA**") of the Hiring Incentives to Restore Employment Act of 2010. Treasury Regulations that define the term "foreign passthru payments" have not been filed in the Federal Register as of the date of this Prospectus.

The United States has entered into a Model 1 intergovernmental agreement regarding the implementation of FATCA with Italy (the IGA). Under the IGA, as currently drafted, withholding on "foreign passthru payments" (which may include payments on the Notes) by the Issuer is not currently required but may be imposed in the future if the Issuer were treated as a non-U.S. financial institution under the IGA and either the IGA were amended to require withholding on foreign passthru payments or any non-U.S. financial institution that serves as a paying agent or other intermediary with respect to payments made on the Notes is required in the future to withhold under FATCA on any "foreign passthru payments" made on the Notes. In addition, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Notes in the future. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, the IGA or Italian law implementing the IGA, none of the Issuer, any paying agent or any other person would, pursuant to the Terms and Conditions of the Notes be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Holders of the Notes should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND THE HOLDERS IS UNCERTAIN AT THIS TIME. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement between the Issuer, the Guarantor and the Lead Manager dated 9 July 2015 (the "**Subscription Agreement**"), the Lead Manager has agreed to subscribe for the Notes on the Closing Date at the issue price of 99.396 per cent. of their principal amount. The Issuer and the Guarantor have agreed to pay commissions to the Lead Manager and to reimburse certain of its expenses incurred in connection with the discharge of its duties under the Subscription Agreement. The Lead Manager is entitled in certain circumstances to be released and discharged from its obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

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. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

The Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells 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.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

The Lead Manager has represented, warranted and undertaken that:

- (a) 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 Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Republic of Italy

The offering of the Notes has not been registered with CONSOB pursuant to Italian securities legislation and, accordingly, the Lead Manager has represented and agreed that no Notes may be offered, sold or delivered, directly or indirectly, nor may copies of the 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 under Article 100 of Italian Legislative Decree No. 58 of 24 February 1998 (otherwise known as the *Testo Unico della Finanza* or the "**TUF**"), as implemented by Article 34-*ter*, first paragraph, letter b) of CONSOB Resolution No. 11971 of 14 May 1999 (otherwise known as the *Regolamento Emittenti* or the "**Issuers' Regulation**") and Article 26, paragraph 1(d) of CONSOB Regulation No. 16190 of 29 October 2007 ("**Regulation No. 16190**"); or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the TUF and Article 34-*ter*, first paragraph of the Issuers' Regulation.

Any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy must be made in compliance with the restrictions under sub-clauses 4.1.1 and 4.1.2 above and:

- (1) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the TUF, Regulation No. 16190 and Italian Legislative Decree No. 385 of 1 September 1993 (otherwise known as the *Testo Unico Bancario* or the "**TUB**"); and
- (2) in compliance with Article 129 of the TUB and the implementing guidelines of the Bank of Italy, pursuant to which the Bank of Italy may request information on the offering or issue of securities in Italy or by Italian persons outside of Italy; and
- (3) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy or any other Italian authority.

General

No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor or the Lead Manager that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer, the Guarantor and the Lead Manager to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession or distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

The Lead Manager has represented, warranted and agreed that it will, to the best of its knowledge and belief, comply with all the relevant laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus or any other offering material.

GENERAL INFORMATION

Authorisation

The creation and issue of the Notes has been authorised by a resolution passed by the Issuer's Board of Directors on 4 June 2015 and the giving of the Guarantee has been authorised by a resolution passed by the Guarantor's Board of Directors on 25 May 2015.

Listing and Admission to Trading

Application has been made for the Notes to be admitted to trading on the Global Exchange Market of the Irish Stock Exchange and to be listed on its Official List.

Expenses related to Admission to Trading

The total expenses related to admission to trading are estimated at €14,540.

Legal and Arbitration Proceedings

Save as discussed in "*Description of the Issuer – Legal Proceedings*", there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer and the Guarantor are aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the Issuer or the Guarantor or the financial position or profitability of the Group.

Significant/Material Change

Save as discussed in "*Description of the Issuer - Recent Developments*", since 31 December 2014 there has been no material adverse change in the prospects of the Issuer or the Guarantor and no significant change in the financial or trading position of the Group.

Auditors

The consolidated annual financial statements of the Issuer and the non-consolidated annual financial statements of the Guarantor, in each case as at and for the years ended 31 December 2014 and 2013, have been audited without qualification by Reconta Ernst & Young S.p.A.

Reconta Ernst & Young S.p.A. is authorised and regulated by the Italian Ministry of Economy and Finance (the "MEF") and registered on the register of auditing firms held by the MEF. Reconta Ernst & Young S.p.A. is also a member of Assirevi (*Associazione Revisori Contrabili*), the professional association of auditing firms in Italy. The registered office of Reconta Ernst & Young S.p.A. is at Via Po 32, 00198 Rome, Italy.

Documents on Display

For so long as the Notes remain outstanding, physical or electronic copies of the following documents (together, where appropriate, with English translations) may be inspected during normal business hours at the offices of the Fiscal Agent at 33, rue de Gasperich, Howald-Hesperange, L-2085 Luxembourg, Grand Duchy of Luxembourg:

- (a) the By-laws (*statuto*) of the Issuer;
- (b) the By-laws (*statuto*) of the Guarantor;
- (c) the Agency Agreement;
- (d) the Deed of Covenant;
- (e) the Deed of Guarantee;

- (f) the audited consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2014 and 2013; and
- (g) the audited non-consolidated annual financial statements of the Guarantor as at and for the year ended 31 December 2014 and its unaudited non-consolidated annual financial statements as at and for the period ended 31 December 2013.

Interests of natural and legal persons involved in the issue/offer

The Lead Manager and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Lead Manager or its affiliates from time to time have provided in the past, and may provide in the future, investment banking, financial advisory and commercial banking services to the Issuer, the Guarantor and the Issuer's other affiliates in the ordinary course of business, for which they have received, or may receive, customary fees and commissions. The Lead Manager or its affiliates may also receive allocations of the Notes.

Furthermore, in the ordinary course of their business activities, the Lead Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Lead Manager or its affiliates that have a lending relationship with the Issuer may routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Lead Manager and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Lead Manager and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In addition, certain of the Lead Manager's affiliates are lenders under certain of the financing facilities that may be repaid as part of the Issuer's refinancing arrangements following the issue of the Notes. The Lead Manager or its affiliates may also act as counterparties in the hedging arrangements that the Issuer may enter into in connection with such refinancing arrangements and will receive customary fees for their services in such capacities.

Yield

On the basis of the issue price of the Notes of 3.75 per cent. of their principal amount, the gross yield of the Notes is 3.85 per cent. on an annual basis. Such amount is not, however, an indication of future yield.

Legend Concerning US Persons

The Notes and any Coupons appertaining thereto will bear a legend to the following effect:

"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".

ISIN and Common Code

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Notes have the following ISIN and common code assigned to them:

ISIN: XS1258827069

Common code: 125882706.

ISSUER

Registered office:
Via Ugo Panziera, 16
59100 Prato
Italy

GUARANTOR

Registered office:
Via Igino Cocchi, 14
52100 Arezzo
Italy

FISCAL AGENT AND PAYING AGENT

BNP Paribas Securities Services, Luxembourg Branch

33, rue de Gasperich
Howald-Hesperange
L-2085 Luxembourg
Grand Duchy of Luxembourg

LEGAL ADVISERS

To the Issuer as to English and Italian law:

White & Case (Europe) LLP

Piazza Diaz, 1
20123 Milan
Italy

To the Lead Manager as to English and Italian law:

Gianni, Origoni, Grippo, Cappelli & Partners

Piazza Belgioioso, 2	Via delle Quattro Fontane, 20
20121 Milan	00184 Rome
Italy	Italy

AUDITORS TO THE ISSUER

Reconta Ernst & Young S.p.A.

Piazza della Libertà 9
50129 Florence
Italy

LISTING AGENT

BNP Paribas Securities Services, Luxembourg Branch

33, rue de Gasperich
Howald-Hesperange
L-2085 Luxembourg
Grand Duchy of Luxembourg