

**TERMS AND CONDITIONS OF THE NOTES**

**DOLOMITI ENERGIA HOLDING S.P.A.**

**“€7,540,000 Subordinated Floating Rate Notes due 2029”**

**AGGREGATE PRINCIPAL AMOUNT €7,540,000**

**ISIN CODE IT0004576580**

**Dolomiti Energia Holding S.p.A.**

**(formerly Dolomiti Energia S.p.A., company name amended by the Extraordinary Shareholders’ meeting on 29 April 2016 Roll No. 28505/12680 by Notary Public Mrs Fochesato in Rovereto) registered office: Rovereto (TN) Italy, via Manzoni, 24**

**Corporate object: the Company’s purpose is the organisation of technical, economic, financial and human resources for the acquisition, planning, management, construction and selling of electric power plants, as well as for the undertaking, management and provisions of services in the energy, ecological and telecommunication sectors, in the municipalities of the Region of Trentino Alto Adige and in every other place of interest to it, including abroad, either directly or indirectly.**

**Tax Code, VAT Number and Register Number in the Companies’ Register of Trento: 01614640223**

**Share Capital fully paid-in: €411,496,169**

**Reserves: €103,183,992**

**The notes are regulated by the following terms and conditions and, where not expressly stated herein, by Article 2410 *et seq.* of the Italian Civil Code providing for rules and regulations applicable to notes issued by companies limited by shares.**

**Art. 1 – Aggregate principal amount of issue, denomination and form of notes**

The notes of an aggregate principal amount of €7,540,000 (Euro seven million five hundred forty thousand) and known as “Dolomiti Energia Holding S.p.A. €7,540,000 Subordinated Floating Notes due 2029” (the “**Notes**”) are issued under a resolution of the Board of Directors of Dolomiti Energia Holding S.p.A. (formerly Dolomiti Energia S.p.A.) (the “**Issuer**”) on 2 February 2010, pursuant to Article 2410 *et seq.* of the Italian Civil Code, as amended by resolutions passed at Noteholders’ meetings on 1 February 2017 and 30 June 2017.

Originally issued on the Issue Date (as defined in Article 3 below) in an aggregate principal amount of €30,000,000 (Euro thirty million) consisting of 600 notes in bearer form, each in denominations of €50,000 (Euro fifty thousand), as at 30 June 2017 the Notes consist of 50 notes in bearer form, each in denominations of €150,800 (one hundred fifty thousand, eight hundred).

On the Settlement Date (as defined in Article 3 below) the Issuer shall proceed with the acceptance of the Notes for centralised clearing with Monte Titoli S.p.A. pursuant to Legislative Decree No. 213 of 24 June 1998 as subsequently amended, and pursuant to the Consob and Bank of Italy Joint Regulation of 22 February 2008 regulating central depositories, clearing services, guarantee systems and related operating companies. Accordingly, for so long as the Notes are held in book entry form with the central securities depository and management system operated by Monte Titoli S.p.A., the transfer of the Notes and the exercise of financial rights attaching to them shall be executed solely through intermediaries participating in the clearing system operated by Monte Titoli S.p.A. and the holders of the Notes (the “**Noteholders**”) shall

not be entitled to request delivery of any physical document of title representing the Notes. The above is without prejudice to the right to request the issue of a certificate in accordance with Article 85 of Legislative Decree No. 58 of 24 February 1998 and Article 31(1), letter (b) of Legislative Decree No. 213 of 24 June 1998.

**The Notes are reserved for professional investors subject to prudential supervision under special laws, pursuant to Article 2412, second paragraph of the Italian Civil Code.**

#### **Art. 2 – Issue price**

The Notes are issued at a price of 100% of their aggregated principal amount and, accordingly, at a price of €50,000 (Euro fifty thousand) for each Note with an aggregated principal amount of €50,000 (Euro fifty thousand).

#### **Art. 3 – Settlement date**

The Notes are issued and held from 10 February 2010 (the “**Issue Date**” and the “**Settlement Date**”). The subscription period for the Notes closes on 10 February 2010 and settlement occurs on 10 February 2010.

#### **Art. 4 – Duration**

The scheduled maturity date for the Notes is 1 August 2029 (the “**Maturity Date**”).

#### **Art. 5 – Interest**

The Notes bear interest as follows:

- (a) from (and including) the Settlement Date to (but excluding) the Third Partial Redemption Date at an interest rate of 4.10 per cent. per annum (the “**Initial Fixed Rate of Interest**”);
- (b) from (and including) the Third Partial Redemption Date to (but excluding) the Fourth Partial Redemption Date at an interest rate of 1.50 per cent. per annum (such rate, including the Initial Fixed Rate of Interest, the “**Fixed Rate of Interest**”); and
- (c) from (and including) the Fourth Partial Redemption Date to (but excluding) the Maturity Date, at a floating rate per annum equal to 3-month Euribor (the “**Reference Rate**”), plus a margin (the “**Margin**”) of 165 basis points (the “**Floating Rate of Interest**”).

Interest is payable quarterly in arrear on 10 February, 10 May, 10 August and 10 November each year (each, an “**Interest Payment Date**”) accruing from (and including) the Settlement Date to (but excluding) the Maturity Date, with the last payment to be made on the Maturity Date.

If the due date for any payment of interest does not fall on a business day under the TARGET calendar (a “**Business Day**”), the Interest Payment Date will be deferred to the first immediately following Business Day, and such deferral shall not be taken into account for the purposes of calculating the actual number of days in the Interest Period (as defined below), it being understood that no such deferral will give rise to any deferral of subsequent Interest Payment Dates.

“**Interest Period**” means the period from (and including) an Interest Payment Date to (but excluding) the

next following Interest Payment Date or, in respect of the first Interest Period only, the period from (and including) the Settlement Date to (but excluding) the first Interest Payment Date.

The amount of interest in respect of each Interest Period to which a Fixed Rate of Interest is applicable (the “**Fixed Rate Interest Amount**”) shall be calculated on an Actual/Actual unadjusted basis and, accordingly, the Fixed Rate Interest Amount shall be the amount resulting from applying the relevant Fixed Rate of Interest to the aggregate principal amount of the Notes, multiplied by the actual number of days in the Interest Period, all divided by the number of actual days in the year, rounded to the nearest cent. (with 0.005 Euro being rounded up to the nearest cent).

The amount of interest in respect of each Interest Period to which the Floating Rate of Interest is applicable (the “**Floating Rate Interest Amount**”) shall be calculated on an Actual/360 unadjusted basis and, accordingly, the Floating Rate Interest Amount shall be the amount resulting from applying the relevant Floating Rate of Interest to the aggregate principal amount of the Notes, multiplied by the actual number of days in the Interest Period, all divided by 360, rounded to the nearest cent. (with 0.005 Euro being rounded up to the nearest cent).

The Floating Rate of Interest shall be calculated as the sum of the Reference Rate and the Margin, *provided, however, that* if the calculation of the Reference Rate results in a negative amount, the Reference Rate shall be deemed to be zero. The Reference Rate shall be determined by the Issuer by reference to the rate provided by the European Money Markets Institute (or any successor entity) and published on its website ([www.emmi-benchmarks.eu](http://www.emmi-benchmarks.eu)) (or on such other screen page as is used to publish such rate) at 11.00 a.m. (Brussels time) on the second Business Day prior to the first day of the relevant Interest Period (the “**Determination Date**”). If on the Determination Date it is not possible, for any reason, to determine the Reference Rate in the manner described above, the Issuer shall request quotations from five major banks in the Euro-zone inter-bank market of the rates at which deposits in euro (with quarterly duration) are offered to prime banks in the Euro-zone inter-bank market at approximately 11.00 a.m. (Brussels time) on the Determination Date and determine the arithmetic mean of the quotations thereby provided, discarding the lowest and highest quotation. If fewer than two quotations are provided, the Floating Rate of Interest for the relevant Interest Period will be the same rate as that applied to the previous Interest Period.

The Notes will cease to bear interest on the Maturity Date. The amounts of coupons do not bear interest.

#### **Art.6 – Redemption**

The Notes shall be redeemed *pari passu* under the following terms:

- 10% of the total number of the Notes issued by the Issuer shall be redeemed *pari passu*, in proportion to the number of Notes held by each investor, on 10 February 2015 ( the “**First Partial Redemption**”);
- 10% of the total number of the Notes issued by the Issuer shall be redeemed *pari passu*, in proportion to the number of Notes held by each investor, on 10 February 2016 (the “**Second Partial Redemption**”);
- the sum of €27,000 of the then aggregate principal amount of each outstanding Note shall be repaid on 10 February 2017 (the “**Third Partial Redemption**”);
- the sum of €49,764 of the then aggregate principal amount of each outstanding Note shall be repaid on 10 August 2017 (the “**Fourth Partial Redemption**”);
- the outstanding amount will be repaid in a single payment on the Maturity Date.

If the dates of the First Partial Redemption, Second Partial Redemption, Third Partial Redemption or Fourth Partial Redemption or the Maturity Date of the Notes fall on a day which is not a Business Day according to the TARGET calendar, those dates will be deferred to the first immediately following Business Day according to the TARGET calendar, and such deferral will not entitle the Noteholders to any additional payments.

Save as provided under Article 7 below, the Noteholders are not entitled to request early redemption of the Notes.

#### **Art. 7 – Early redemption**

By written notice addressed to Monte Titoli S.p.A. at least 180 (one hundred and eighty) days before 10 February 2014, the Issuer and each Noteholder are entitled to give notice to each other of their intention to redeem early or to require early redemption in full of the Notes on 10 February 2014, without payment of any fee or penalty for early termination.

Following early redemption, the redeemed Notes shall cease to bear interest.

#### **Art. 8 – Status of the Notes**

The Notes are subordinated to all other present and future unsecured indebtedness of the Issuer.

#### **Art. 9 – Centralised administration service**

The payment of interest and the redemption of the Notes shall be carried out solely through authorised intermediaries, both Italian and foreign, participating in Monte Titoli S.p.A..

#### **Art. 10 – Prescription and time limits**

The rights of Noteholders become void, with regard to interest, after five years from the date on which such interest became due and payable and, with regard to principal, after ten years from the date on which the Notes became redeemable.

#### **Art. 11 –Taxation**

Taxes and duties, present and future which, by law, are applicable to the Notes and/or to the relevant interest, premium and other forms of income are payable by Noteholders.

Pursuant to section 26 of Presidential Decree No. 600 of 29 September 1973, interest and other proceeds paid to Noteholders are subject to application by the Issuer of a withholding tax of 27%. Withholding tax of 27% shall be applied, instead of the lower withholding rate of 12.5%, on the basis that, at the time of issue, the actual yield of the Notes shows a rate higher than the official reference rate multiplied by one and two thirds.

Such withholding tax is applied by way of advance payment on behalf of: a) individual entrepreneurs (*imprenditori individuali*) if the securities, deposits and current accounts, as well as the relationships from which the interest and other proceeds arise, are related to a business activity pursuant to Presidential Decree No. 917 of 22 December 1986 (the “**Consolidated Income Tax Act**”); b) partnerships (*società in*

*nome collettivo*), limited partnerships (*società in accomandita semplice*) and equivalent organisations pursuant to Article 5 of the Consolidated Income Tax Act; c) companies and entities falling within letters a) and b) of Article 73 of the Consolidated Income Tax Act and permanent establishments (*stabili organizzazioni*) located within the territory of the Republic of Italy of companies and entities falling within letter d) of the above-mentioned Article 73.

The aforesaid withholding is applied as a final tax to entities exempt from corporation tax and in any other case.

The payment of withholding will be made by the Issuer.

Capital gains made from the sale or redemption of Notes, other than those made in the course of business, are subject to a substitute tax in place of income tax at a rate of 12.5% pursuant to Legislative Decree No. 461 of 21 November 1997, as amended and supplemented ("**Legislative Decree No. 461/1997**"), in the manner and in the circumstances provided for under the same Legislative Decree No. 461/1997.

#### **Art. 12 – Governing law and jurisdiction**

The Notes are governed by Italian law.

The court of Trento has exclusive jurisdiction to settle any dispute between the Issuer and the Noteholders arising out of, or in connection with, the Notes or with these Terms and Conditions.

#### **Art. 13 – Miscellanea**

Unless otherwise provided, all notices from the Issuer to the Noteholders shall be deemed to be valid if made through Monte Titoli S.p.A.

The subscription or the purchase of the Notes shall constitute full acceptance of all conditions provided for under these Terms and Conditions.