



# ENEL – Società per Azioni

(incorporated with limited liability in Italy)

## €600,000,000 Perpetual 6.5 Years Non-Call Capital Securities

ENEL – Società per Azioni (the “**Issuer**” or “**ENEL**”) will issue €600,000,000 Perpetual 6.5 Years Non-Call Capital Securities (the “**Securities**”) on 10 September 2020 (the “**Issue Date**”).

The Securities will bear interest on their principal amount (a) from (and including) the Issue Date to (but excluding) the First Reset Date, at the rate of 2.250 per cent. per annum and (b) from (and including) the First Reset Date to (but excluding) the date fixed for redemption, at, in respect of each Reset Period, the relevant EUR 5 year Swap Rate plus (A) in respect of the Reset Period commencing on the First Reset Date 2.679 per cent. per annum, (B) in respect of the Reset Periods commencing on 10 March 2032, 10 March 2037 and 10 March 2042, 2.929 per cent. per annum, and (C) in respect of any other Reset Period 3.679 per cent. per annum (each, as defined in “Terms and Conditions of the Securities”). Interest on the Securities will be payable annually in arrear on 10 March in each year (each an Interest Payment Date (as defined in “Terms and Conditions of the Securities”).

**Payment of interest on the Securities may be deferred at the option of the Issuer in certain circumstances, as set out under “Terms and Conditions of the Securities”.**

The Securities will be issued in bearer form, with interest coupons appertaining to the Securities (the “**Coupons**”) and one talon for further interest coupons (the “**Talon**”) attached on issue, each pursuant to a trust deed dated 10 September 2020 between the Issuer and BNY Mellon Corporate Trustee Services Limited, as trustee (the “**Trustee**”) (the “**Trust Deed**”). The Securities will be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof.

The Securities are perpetual securities and have no fixed date for redemption. Unless previously redeemed or purchased and cancelled by the Issuer as provided below, the Securities will become due and payable and will be redeemed on the date on which a winding up, dissolution or liquidation of the Issuer (otherwise than for the purpose of a solvent amalgamation, merger or reconstruction under which the assets and liabilities of the Issuer are assumed by the entity resulting from such amalgamation, merger or reconstruction and such entity assumes the obligations of the Issuer in respect of the Securities in accordance with Condition 13.2) is instituted (the “**Liquidation Event Date**”), including in connection with any Insolvency Proceedings (as defined below) in accordance with (i) any applicable legal provision, or any decision of any judicial or administrative authority, or (ii) any resolution passed at a shareholders’ meeting of the Issuer or (iii) any provision which is set out in the by-laws of the Issuer from time to time (including the maturity of the Issuer which, as of the Issue Date, is set in its by-laws at 31 December 2100). Upon having become due and payable according to the provisions above, the Securities will be redeemed at an amount equal to their principal amount, together with any outstanding interest accrued up to (but excluding) the Liquidation Event Date and any outstanding Arrears of Interest (as defined in the Terms and Conditions of the Securities). The Issuer may redeem all, but not some only, of the Securities on any Call Date at their principal amount together with any interest accrued up to, but excluding, the applicable Call Date and any outstanding Arrears of Interest. The Issuer may also redeem all, but not some only, of the Securities at the applicable Early Redemption Price at any time upon the occurrence of a Withholding Tax Event, an Accounting Event, a Rating Methodology Event or a Tax Deductibility Event (each as defined in the Terms and Conditions of the Securities). In the event that at least 75 per cent. of the aggregate principal amount of the Securities issued on the Issue Date has been purchased by or on behalf of the Issuer or a Subsidiary (as defined in the Terms and Conditions of the Securities) and cancelled, the Issuer may redeem all, but not some only, of the outstanding Securities at the Early Redemption Price. See “Terms and Conditions of the Securities – Redemption and Purchase – Purchases and Substantial Repurchase Event.”

If at any time after the Issue Date the Issuer determines that a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or an Accounting Event has occurred and is continuing, and has provided the Trustee with the relevant certificate and opinion or, in the case of Condition 6.5 only, the Rating Agency Confirmation pursuant to Conditions 6.3, 6.4, 6.5 or 6.6 (as applicable), then the Issuer may, without any requirement for the consent or approval of the Securityholders or Couponholders and subject to the pre-conditions set out in Condition 7.2, (i) exchange the Securities or (ii) vary the terms of the Securities, so that after such exchange or variation the Securities remain or become, as the case may be, eligible for the same or (from the perspective of the Issuer) more favourable tax, accounting or ratings treatment than the treatment to which they were entitled prior to the relevant event occurring. See “Terms and Conditions of the Securities – Exchange or Variation upon a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or Accounting Event and Preconditions to such Exchange or Variation”.

The Securities and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer and rank and will at all times rank *pari passu* without any preference among themselves and with Parity Securities and senior only to the Issuer’s payment obligations in respect of any Junior Securities (each as defined in the Terms and Conditions of the Securities). The Securities constitute *obbligazioni* pursuant to Article 2410 et seq. of the Italian Civil Code. The Securities will not be guaranteed.

**An investment in the Securities involves certain risks. For a discussion of risks, see “Risk Factors” beginning on page 1.**

This Offering Circular has been approved by the Central Bank of Ireland, as competent authority under Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Such approval only relates to Securities, which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU, as amended and supplemented (“**MIFID II**”) and/or which are to be offered to the public in any member state of the European Economic Area. The Central Bank of Ireland only approves this Offering Circular as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Securities. Investors should make their own assessment as to the suitability of investing in the Securities. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin (“**Euronext Dublin**”) for the Securities to be admitted to the Official List (the “**Official List**”) and to trading on its regulated market (the “**Market**”). Reference in this Offering Circular to being “listed” (and all date references) shall mean that such Securities have been admitted to the Official List and have been admitted to trading on the Market. The Market is a regulated market for the purposes of MiFID II.

This Offering Circular is available for viewing on the website of Euronext Dublin ([www.ise.ie](http://www.ise.ie)).

Subject to and as set out in “Terms and Conditions of the Securities – Taxation”, the Issuer shall not be liable to pay any Additional Amounts to holders of the Securities in relation to any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of 1 April, 1996 (as the same may be amended or supplemented from time to time, “**Decree No. 239**”) where the Securities are held by a Securityholder resident for tax purposes in a country that does not allow for a satisfactory exchange of information with Italy and otherwise in the circumstances described in “Terms and Conditions of the Securities – Taxation”.

The Securities are expected to be rated “Ba1” by Moody’s France S.A.S. (“**Moody’s**”), “BBB-” by S&P Global Ratings Europe Limited (France Branch) (“**S&P**”) and “BBB” by Fitch Italia S.p.A. (“**Fitch**”). Each of Moody’s, S&P and Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the “**CRA Regulation**”). As such, each of Moody’s, S&P and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority (“**ESMA**”) on its website ([www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs)) in accordance with the CRA Regulation. **A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

The Securities will initially be represented by a temporary global security (the “**Temporary Global Security**”), without interest coupons, which will be deposited on or about the Issue Date with a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, S.A. (“**Clearstream**”). Interests in such Temporary Global Security will be exchangeable for interests in a permanent global security (the “**Permanent Global Security**”) and, together with the Temporary Global Security, the “**Global Securities**”), without interest coupons, after 40 days after the commencement of this offering, upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Security will be exchangeable for definitive Securities only in certain limited circumstances. See “Overview of the Terms of the Securities”.

Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., BNP Paribas, Crédit Agricole Corporate and Investment Bank, Goldman Sachs International, J.P. Morgan Securities plc, Société Générale and UniCredit Bank AG (the “**Joint Lead Managers**”), expect to deliver the Securities to purchasers in bearer form on or about 10 September 2020.

**The Securities have not been and will not be registered under the U. S. Securities Act of 1933, as amended (the “Securities Act”), or with any securities regulatory authority of any state or other jurisdiction of the United States, and are bearer securities that are subject to U.S. tax law requirements. The Securities may not be offered, sold or delivered within the United States or for the account or benefit of U.S. Persons (as defined in Regulation S under the Securities Act). For a description of these and certain further restrictions on offers, sales and transfers of Securities and distribution of this Offering Circular, see “Subscription and Sale”.**

### Joint Lead Managers

Banco Bilbao Vizcaya Argentaria, S.A.

BNP Paribas

Crédit Agricole CIB

Goldman Sachs International

J.P. Morgan

Santander Corporate & Investment Banking

Société Générale

UniCredit Bank

Corporate & Investment Banking

*The date of this Offering Circular is 9 September 2020.*

## NOTICE TO INVESTORS

This Offering Circular comprises a prospectus for the purposes of Article 6 of the Prospectus Regulation.

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Issuer, the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. Certain Information has been extracted from or is the result of the Issuer's elaboration on information provided by third-party sources, such as company filings, National Regulators Annual Reports and leading information providers, which the Issuer deems to be the most reliable. The Issuer confirms that such information has been accurately reproduced and, as far as it is aware and is able to ascertain from published information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers or the Trustee as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuer in connection with the offering of the Securities.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee, the Principal Paying Agent or the Agent Bank (each as defined in the Terms and Conditions of the Securities) accepts any responsibility for the contents of this Offering Circular or for any other statements made or purported to be made by any of the Joint Lead Managers or on its behalf or by the Trustee or on its behalf in connection with the Issuer or issue and offering of any Securities. Each of the Joint Lead Managers, the Trustee, the Principal Paying Agent and the Agent Bank accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the offering of the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, any of the Joint Lead Managers or the Trustee.

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

Neither this Offering Circular nor any other information supplied in connection with the offering of the Securities (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, any of the Joint Lead Managers or the Trustee that any recipient of this Offering Circular or any other information supplied in connection with the offering of the Securities should purchase any Securities. Each investor contemplating purchasing any Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Securities shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Securities is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Securities or to advise any investor in the Securities of any information coming to their attention.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer, or an invitation, to buy the Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of the Securities may be restricted by law in certain jurisdictions. None of the Issuer, the Joint Lead Managers or the Trustee represents that this Offering Circular may be lawfully distributed, or that the Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption

available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Joint Lead Managers or the Trustee that would permit a public offering of the Securities or the distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Securities may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Securities may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of the Securities. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of the Securities in the EEA, the United States, the United Kingdom and the Republic of Italy. See “Subscription and Sale”.

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

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information included in this Offering Circular or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where the currency for principal and interest payments is different from the potential investor’s currency;
- (d) understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant financial markets; and
- (e) 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.

The Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact this investment will have on the potential investor’s overall investment portfolio.

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

**PRIIPS REGULATION / PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA and UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1)**

of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Securities or otherwise making them available to retail investors in the EEA or UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

**Singapore SFA Product Classification:** In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), unless otherwise specified before an offer of Securities, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Securities are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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IN CONNECTION WITH THE OFFERING OF THE SECURITIES, J.P. MORGAN SECURITIES PLC (OR PERSONS ACTING ON ITS BEHALF) (TOGETHER THE “**STABILISING MANAGER**”) MAY OVER-ALLOT SECURITIES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION ACTION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE SECURITIES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE SECURITIES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE SECURITIES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISATION MANAGER (OR PERSON(S) ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

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## OVERVIEW OF THE TERMS OF THE SECURITIES

*This Overview of the Terms of the Securities must be read in conjunction with and is qualified in its entirety by reference to “Terms of the Securities” appearing elsewhere in this Offering Circular. References to the “Terms and Conditions of the Securities” and “Conditions” are references to Conditions under “Terms of the Securities”. Capitalised terms used but not otherwise defined herein have the meaning ascribed to them under the caption “Terms of the Securities” in respect of the Securities.*

<b>Issuer</b>	ENEL - Società per Azioni
<b>Legal Entity Identifier (LEI)</b>	WOCMU6HCI00JWNPRZS33
<b>Issuer’s website</b>	<a href="https://www.enel.com/">https://www.enel.com/</a>
<b>Securities Offered</b>	€600,000,000 Perpetual 6.5 Years Non-Call Capital Securities (the “ <b>Securities</b> ”).
<b>Date fixed for redemption</b>	The Securities are perpetual securities and have no fixed date for redemption. Unless previously redeemed or purchased and cancelled as provided below, the Securities will become due and payable and will be redeemed on the date on which a winding up, dissolution or liquidation of the Issuer (otherwise than for the purpose of a solvent amalgamation, merger or reconstruction under which the assets and liabilities of the Issuer are assumed by the entity resulting from such amalgamation, merger or reconstruction and such entity assumes the obligations of the Issuer in respect of the Securities in accordance with Condition 13.2) is instituted (the “ <b>Liquidation Event Date</b> ”), including in connection with any Insolvency Proceedings, in accordance with (i) any applicable legal provision, or any decision of any judicial or administrative authority, or (ii) any resolution passed at a shareholders’ meeting of the Issuer or (iii) any provision which is set out in the by-laws of the Issuer from time to time (including the maturity of the Issuer which, as of the date of this Offering Circular, is set in its by-laws at 31 December 2100). Upon having become due and payable according to the provisions above, the Securities will be redeemed at an amount equal to their principal amount, together with any outstanding interest accrued up to, but excluding, the Liquidation Event Date and any outstanding Arrears of Interest.
<b>Interest</b>	The Securities will bear interest on their principal amount (i) from (and including) the Issue Date to (but excluding) the First Reset Date, at the rate of 2.250 per cent. per annum, payable annually in arrear on each Interest Payment Date and (ii) from (and including) the First Reset Date to (but excluding) the date fixed for redemption, at, in respect of each Reset Period, the relevant EUR 5 year Swap Rate plus (A) in respect of the Reset Period commencing on the First Reset Date to but excluding 10 March 2032, 2.679 per cent. per annum, (B) in respect of the

Reset Periods commencing on 10 March 2032, 10 March 2037 and 10 March 2042, 2.929 per cent. per annum, and (C) in respect of any other Reset Period after 10 March 2047, 3.679 per cent. per annum, all as determined by the Agent Bank for annual payment in arrear on each Interest Payment Date, commencing 10 March 2021.

***Interest Payment Dates***

Each Security will bear interest from the date of original issuance. Interest on the Securities will be payable annually in arrear on 10 March in each year commencing on, and including, 10 March 2021, to, and including the date fixed for redemption (each an “**Interest Payment Date**”).

***Optional Interest Deferral and Arrears of Interest***

The Issuer may, at its sole discretion, elect to defer in whole, any payment of interest accrued on the Securities in respect of any Interest Period (a “**Deferred Interest Payment**”) by giving notice (a “**Deferral Notice**”) of such election to the Securityholders in accordance with Condition 12, and to the Trustee and the Principal Paying Agent at least five, but not more than 30, Business Days prior to the relevant Interest Payment Date. If the Issuer makes such an election, it shall have no obligation to make such payment and any such non-payment of interest shall not constitute a default by the Issuer or any other breach of obligations under the Securities or for any other purpose.

Any Deferred Interest Payment will be deferred and shall constitute “**Arrears of Interest**”. Any Arrears of Interest will remain outstanding until paid in full by the Issuer, but Arrears of Interest shall not itself bear interest.

***Optional Settlement of Arrears of Interest***

The Issuer may pay outstanding Arrears of Interest (in whole but not in part) at any time upon giving not less than 10 and not more than 15 Business Days’ notice to the Securityholders in accordance with Condition 12 (which notice shall be irrevocable and will oblige the Issuer to pay the relevant Arrears of Interest on the payment date specified in such notice) and to the Trustee and the Principal Paying Agent at least five, but not more than 30, Business Days prior to the relevant due date for payment.

***Mandatory Settlement of Arrears of Interest***

All (but not some only) of any outstanding Arrears of Interest being outstanding shall become due and payable in full and shall be paid by the Issuer on the first occurring Mandatory Settlement Date.

“**Mandatory Settlement Date**” means the earliest of:

- (i) the fifth Business Day following the date on which a Mandatory Arrears of Interest Settlement Event occurs;
- (ii) following any Deferred Interest Payment, on the next scheduled Interest Payment Date on which the Issuer does

- not elect to defer all of the interest accrued in respect of the relevant Interest Period;
- (iii) the date on which the Securities are redeemed or repaid in accordance with Condition 6, including at the Liquidation Event Date (unless otherwise required by mandatory provisions of applicable law).

A “**Mandatory Arrears of Interest Settlement Event**” shall have occurred in respect of the Securities if:

- (a) a dividend (either interim or final) or any other distribution or payment was validly resolved on, declared, paid or made in respect of any Junior Securities, except where such dividend, distribution or payment was contractually required to be declared, paid or made under the terms of such Junior Securities;
- (b) a dividend (either interim or final) or any other distribution or payment was validly resolved on, declared, paid or made in respect of any Parity Securities, except where such dividend, distribution or payment was contractually required to be declared, paid or made under the terms of such Parity Securities (including, without limitation, where any such payment occurs mandatorily at the maturity of such Parity Securities);
- (c) the Issuer or any Subsidiary has repurchased, purchased, redeemed or otherwise acquired any Junior Securities, except where (x) such repurchase, purchase, redemption or acquisition was undertaken in connection with the satisfaction by the Issuer or any Subsidiary of its respective obligations under (i) any share buy-back program existing at the Issue Date or (ii) any stock option plan or free share allocation plan reserved for directors, officers and/or employees of the Issuer or any associated hedging transaction or (y) such repurchase, purchase, redemption or acquisition is contractually required to be made under the terms of such Junior Securities; or
- (d) the Issuer or any Subsidiary has repurchased, purchased, redeemed or otherwise acquired any Parity Securities, except where (x) such repurchase, purchase, redemption or acquisition is contractually required to be made under the terms of such Parity Securities (including, without limitation, where any such payment occurs mandatorily at the maturity of such Parity Securities) or (y) such repurchase, purchase, redemption or acquisition is effected as a public tender offer or public exchange offer at a purchase price per security which is below its par value.

### ***Purchases***

The Issuer or any Subsidiary may at any time purchase Securities (provided that all unmatured Coupons appertaining to the



Securities are purchased with the Securities) in any manner and at any price. Such Securities may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

#### ***Further Issuances***

The Issuer may, without the consent of the Securityholders or Couponholders, create and issue further securities or bonds (whether in bearer or registered form) either (a) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding securities or bonds of any series (including the Securities) constituted by a Trust Deed or any supplemental deed or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue.

#### ***Status of the Securities***

The Securities and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer and rank and will at all times rank *pari passu* without any preference among themselves and with Parity Securities and senior only to the Issuer's payment obligations in respect of any Junior Securities. The Securities constitute *obbligazioni* pursuant to Articles 2410 et seq. of the Italian Civil Code. The obligations of the Issuer in respect of the Securities and the Coupons are subordinated as described in Condition 3.2 of the Securities.

#### ***Use of Proceeds***

The estimated net proceeds of the issuance of the Securities, after deduction of commissions, fees, and estimated expenses, will be used by the Issuer (i) for general corporate purposes and (ii) to pay repurchase costs in connection with the Tender Offer (as defined below). See "Capitalisation" and "Description of the Issuer – Recent Significant Transactions and Developments – Tender Offers".

#### ***Ratings***

The Securities are expected to be rated Ba1 by Moody's, BBB- by S&P and BBB by Fitch. Each of Moody's, S&P and Fitch is established in the European Union and is registered under the CRA Regulation. As such, each of Moody's, S&P and Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website ([www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs)) in accordance with the CRA Regulation.

#### ***Optional Redemption***

(i) The Issuer may redeem all (but not some only) of the Securities on any date during the period commencing on (and including) 10 December 2026 and ending on (and including) the First Reset Date or upon any Interest Payment Date thereafter (each such date, a "Call Date"), at their principal amount together with any accrued interest up to (but excluding) the relevant Call Date and any outstanding Arrears of Interest. The Issuer may also redeem all (but not some only) of the Securities

at any time at the applicable Early Redemption Price (as defined herein) upon the occurrence of an Accounting Event, a Rating Methodology Event, a Tax Deductibility Event or a Withholding Tax Event.

In the event that at least 75 per cent. of the aggregate principal amount of the Securities issued on the Issue Date has been purchased by or on behalf of the Issuer or a Subsidiary (as defined in the Terms and Conditions of the Securities) and has been cancelled (a “**Substantial Repurchase Event**”), the Issuer may redeem the Securities in whole but not in part at any time, at the applicable Early Redemption Price. See “Terms and Conditions of the Securities – Redemption and Purchase”.

The “**Early Redemption Price**” will be determined as follows:

- (i) in the case of a Withholding Tax Event or a Substantial Repurchase Event at any time, 100 per cent. of the principal amount of the Securities; or
- (ii) in the case of an Accounting Event, a Rating Methodology Event, or a Tax Deductibility Event, either:
  - (a) 101 per cent. of the principal amount of the Securities then outstanding if the Early Redemption Date falls prior to 10 December 2026 (being the date falling three months prior to the First Reset Date); or
  - (b) 100 per cent. of the principal amount of the Securities then outstanding if the Early Redemption Date falls on or after 10 December 2026 (being the date falling three months prior to the First Reset Date),

in each case together with any accrued interest up to, but excluding, the Early Redemption Date and any outstanding Arrears of Interest. See Condition 6 – “Redemption and Purchase”.

***Intention Regarding Redemption and Repurchase of the Securities***

The following paragraph shall not form part of the Terms and Conditions of the Securities.

*The Issuer intends (without thereby assuming a legal obligation) that it will redeem or repurchase the Securities only to the extent that the part of the aggregate principal amount of the Securities to be redeemed or repurchased which was assigned “equity credit” (or such similar nomenclature used by S&P from time to time) at the time of the issuance of the Securities does not exceed such part of the net proceeds received by the Issuer or any Subsidiary prior to the date of such redemption or repurchase from the sale or issuance of securities by the Issuer or such Subsidiary to third-party purchasers (other than group entities of the Issuer) which is assigned by S&P “equity credit” (or such similar nomenclature used by S&P from time to time), at the time of sale or issuance of such securities (but taking into account any changes in hybrid capital methodology or another relevant*

*methodology or the interpretation thereof since the issuance of the Securities), unless: (i) the rating (or such similar nomenclature then used by S&P) assigned by S&P to the Issuer is at least equal to the rating assigned to the Issuer on the date of the most recent hybrid security issuance (excluding any refinancing) which was assigned by S&P a “equity credit” similar to the Securities and the Issuer is of the view that such rating would not fall below this level as a result of such redemption or repurchase, or (ii) in the case of a repurchase, such repurchase is of less than (a) ten per cent. of the aggregate principal amount of the Securities originally issued in any period of 12 consecutive months or (b) 25 per cent. of the aggregate principal amount of the Securities originally issued in any period of ten consecutive years, or (iii) the Securities are redeemed pursuant to a Tax Deductibility Event, a Withholding Tax Event, an Accounting Event, a Substantial Repurchase Event or a Rating Methodology Event which results from an amendment, clarification or change in the “equity credit” criteria by S&P, or (iv) the Securities are not assigned an “equity credit” by S&P (or such similar nomenclature then used by S&P) at the time of such redemption or repurchase, or (v) in the case of a repurchase, such repurchase relates to an aggregate principal amount of Securities which is less than or equal to the excess (if any) above the maximum aggregate principal amount of the Issuer’s hybrid capital to which S&P then assigns equity content under its prevailing methodology; or (vi) such redemption or repurchase occurs on or after the Reset Date falling on 10 March 2047.*

**Liquidation Event Date**

There are no events of default in relation to the Securities.

On the Liquidation Event Date, the Securities will become due and payable at an amount equal to their principal amount, together with any outstanding interest accrued up to (but excluding) the Liquidation Event Date and any outstanding Arrears of Interest.

On or following the Liquidation Event Date, no payments will be made in relation to the Junior Securities of the Issuer before all amounts due, but unpaid, on the Securities have been paid by the Issuer.

On or following the Liquidation Event Date, the Trustee at its sole discretion may (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) (i) institute steps in order to obtain a judgment against the Issuer for any amounts due in respect of the Securities, including the institution of Insolvency Proceedings against the Issuer and (ii) file a proof of claim and participate in any Insolvency Proceedings or proceedings for the liquidation, dissolution or winding-up of the Issuer (in which Insolvency Proceedings, liquidation, dissolution

or winding-up the Securities shall immediately become due and payable at their principal amount together with any accrued but unpaid interest up to (but excluding) the date on which the Securities become so due and payable and any outstanding Arrears of Interest).

***Meetings of Securityholders***

The Trust Deed and the Terms and Conditions of the Securities contain provisions for convening meetings of the Securityholders to consider any matter affecting their interests. These provisions permit defined majorities to bind all Securityholders, whether or not they are present at the meeting, and all Couponholders.

***Modification and Waiver***

The Trustee may agree, without the consent of Securityholders or Couponholders, to any modification (subject as set out in the Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Securities or the Trust Deed, in the circumstances and subject to the conditions described in Condition 13.3.

***Substitution***

The Trustee may, without the consent of the Securityholders or Couponholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under Condition 13.2) as the principal debtor under the Securities, the Coupons and the Trust Deed of another company, in the circumstances and subject to the conditions described in Condition 13.2.

***Exchange or Variation***

If at any time after the Issue Date the Issuer determines that a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or an Accounting Event has occurred and is continuing, and has provided the Trustee with the relevant certificate and opinion, or in the case of Condition 6.5 only, the Rating Agency Confirmation, pursuant to Conditions 6.3, 6.4, 6.5 or 6.6 (as applicable), then the Issuer may, without any requirement for the consent or approval of the Securityholders or Couponholders and subject to the pre-conditions set out in Condition 7.2, which include that the terms of the exchange or variation, in the sole opinion of the Issuer (acting reasonably) are not prejudicial to the interests of the Securityholders, and subject to its having satisfied the Trustee immediately prior to the giving of any notice referred to in Condition 7 that the provisions of such Condition have been complied with and having given not less than 30 nor more than 60 Business Days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 12 (*Notices*), to the Securityholders (which notice shall be irrevocable), as an alternative to an early redemption of the Securities at any time (i) exchange the Securities or (ii) vary the terms of the Securities, so that after such exchange or variation the Securities remain or become, as the case may be, eligible for the same or (from the perspective of the Issuer) more favourable tax, accounting or ratings treatment than the

treatment to which they were entitled prior to the relevant event occurring.

### ***Transfer and Selling Restrictions***

There are restrictions on the offer, sale and transfer of the Securities in the EEA, the United States, the United Kingdom, Singapore and Italy and such other restrictions as may be required in connection with the offering and sale of the Securities. See “Subscription and Sale”.

### ***Taxation; Additional Amounts***

All payments of principal and interest in respect of the Securities and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future Taxes imposed or levied by or on behalf of any Tax Jurisdiction, unless such withholding or deduction of the Taxes is required by law. In such event, the Issuer will pay (subject to Condition 8) such additional amounts (the “**Additional Amounts**”) as may be necessary in order that the net amounts received by the Securityholders and Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Securities or, as the case may be, or the Coupons in the absence of such withholding or deduction.

Notwithstanding the above, no Additional Amounts will be payable in relation to any payment in respect of any Security or Coupon:

- (a) presented for payment: (i) in any Tax Jurisdiction; or (ii) by or on behalf of a holder who is liable for such Taxes in respect of such Security or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Security or Coupon; or (iii) by or on behalf of a holder who would be able to avoid such withholding or deduction making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence, but fails to do so; or (iv) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to an Additional Amount on presenting the same for payment on such thirtieth day assuming that day to have been a Presentation Date; or
- (b) in relation to any payment or deduction on account of *imposta sostitutiva* pursuant to Decree No. 239 as amended and/or supplemented or, for the avoidance of doubt, Italian Legislative Decree No. 461 of 21 November 1997 as amended and supplemented and in all circumstances in which the procedures set forth in Decree No. 239 in order to benefit from a tax exemption have not been met or complied with; or
- (c) in the event of payment by the Issuer to a non-Italian resident Securityholder, to the extent that the

Securityholder is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities.

Notwithstanding anything to the contrary contained herein, the Issuer (and any other person making payments on behalf of the Issuer) shall be entitled to withhold and deduct any amounts required to be deducted or withheld pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), or otherwise imposed pursuant to (i) Sections 1471 through 1474 of the Code, or (ii) any regulations thereunder or official interpretations thereof, or (iii) an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof, or (iv) any law implementing such an intergovernmental agreement (any such withholding or deduction, a “**FATCA Withholding**”), and no person shall be required to pay any additional amounts in respect of FATCA Withholding.

***Form and Denomination***

The Securities will be issued in bearer form in denominations of €100,000 and integral multiples of €1,000 in excess thereof, up to and including €199,000.

***Governing Law***

The Trust Deed, the Securities and the related Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Securities and the Coupons are governed by, and shall be construed in accordance with, English law, except for Conditions 3.1 and 3.2, concerning status and subordination of the Securities and the Coupons, which shall each be governed by Italian law. Condition 13.1 and the provisions of the Trust Deed concerning the meeting of Securityholders and the appointment of a joint representative of such Securityholders (*a rappresentante comune*) in respect of the Securities are subject to compliance with Italian law.

***Trustee***

BNY Mellon Corporate Trustee Services Limited.

***Principal Paying Agent and Agent Bank***

The Bank of New York Mellon, London Branch.

***Listing***

This Offering Circular has been approved by the Central Bank, as competent authority under the Prospectus Regulation, as meeting the requirements imposed under Irish and European Union law pursuant to the Prospectus Regulation. Application has been made to Euronext Dublin for the Securities to be admitted to the Official List and trading on its regulated market.

***Security Codes***

The ISIN is XS2228373671 and the Common Code is 222837367.

***Risk Factors***

Investing in the Securities involves substantial risks. In evaluating an investment in the Securities, you should carefully consider all of the information provided in this Offering Circular

and, in particular, the specific factors set out under “Risk Factors” beginning on page 11.

## RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Securities. Most of these factors are contingencies which may or may not occur.*

*In addition, factors which are material for the purpose of assessing the market risks associated with the Securities are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Securities, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Securities may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it and which it may not currently be able to anticipate. In addition, if any of the following risks, or any other risk not currently known, actually occur, the trading price of the Securities could decline and Securityholders may lose all or part of their investment. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular including any document incorporated by reference hereto and reach their own views, based upon their own judgement and upon advice from such financial, legal and tax advisers as they have deemed necessary, prior to making any investment decision. Words and expressions defined in the “Terms and Conditions of the Securities” below or elsewhere in this Offering Circular have the same meanings in this section.*

### **Factors that may affect the Issuer’s ability to fulfil its obligations under the Securities**

#### **Risks related to the Group**

Due to the nature of its business, the Group is exposed to a variety of risks, including, *inter alia*, market risks, credit risk, liquidity risk, industrial and environmental risks and regulatory risk, which are discussed herein below.

#### **1. Risks related to the business activities and industries of ENEL**

##### ***ENEL’s ability to successfully execute its 2020-2022 Strategic Plan is not assured***

On 25 November 2019, ENEL’s Board of Directors approved the Group’s 2020-2022 Strategic Plan (the “**Strategic Plan**”), which contains the strategic guidelines and growth objectives of the Group for the relevant period, as well as some forecasts with regard to the Group’s expected results of operations. The Strategic Plan contemplates, among other things, efficiency by 2022 of 9% (in nominal terms) compared to 2019, an investment program of €28.7 billion between 2020 and 2022 out of which, €17.2 billion is associated with asset development:

- 67% of it, will be devoted to renewables. This will accelerate decarbonisation process with a progressive substitution of thermal capacity in line with the objective of being carbon neutral by 2050.
- 27% will be invested into Networks supporting the digitalisation of the infrastructure, the improvement of resiliency and quality ratios, and the restructuring of recently acquired assets.
- The remaining portion will support the infrastructure development of other power generation and Enel X, both in e-mobility and in e-city.

Moreover, the Strategic Plan confirmed a shareholder remuneration which considers a 70% dividend pay-out based on Group net ordinary income from 2020 onwards with a CAGR of the implicit dividend per share (“**DPS**”) of around +8.4%; a minimum DPS is extended to 2022, ensuring a CAGR of around +7.7%.



The Strategic Plan and the projections contained therein are based on a series of assumptions, including among others the evolution of demand and prices for electricity, gas, fuels and average investment costs for the plants in the markets in which the ENEL Group operates, trends in relevant macroeconomic variables, and the evolution of the regulatory frameworks applicable to the ENEL Group. The strategic priorities set forth in the Strategic Plan also include an improvement of the operational efficiency (through digitalisation) and an acceleration of industrial growth as well as group simplification and decarbonisation.

In the event that one or more of the Strategic Plan's underlying assumptions proves incorrect or events evolve differently than as contemplated in the Strategic Plan (including because of events affecting the ENEL Group that may not be foreseeable or quantifiable, in whole or in part, as of the date hereof) the anticipated events and results of operations indicated in the Strategic Plan (and in this Offering Circular) could differ from actual events and results of operations.

The Strategic Plan should not be unduly relied upon in any way by an investor in making an investment decision with respect to any securities offered hereunder. Furthermore, this Offering Circular contains certain statements and estimates regarding the ENEL Group's competitive position in certain markets, including with respect to its pre-eminence in particular markets. Such statements are based on the best information available to the ENEL Group's management as of the date hereof. However, the ENEL Group faces competitive risks and its market positions may diverge from those expressed herein as a result of a variety of factors. Any failure by the ENEL Group to execute its Strategic Plan or maintain its market positions could have a material adverse effect upon the ENEL Group, its business prospects, its financial condition and its results of operations.

***The Group relies on time-limited government concessions in order to conduct many of its business activities***

ENEL Group companies are concession-holders in Italy for the management of the ENEL Group's electricity distribution networks and hydroelectric power stations. The ENEL Group's hydroelectric power stations in Italy are managed under administrative concessions that are set to expire in 2029 and the distribution network in Italy is managed under administrative concessions that will expire in 2030.

Endesa's hydroelectric power stations in Spain also operate under administrative concessions, which are set to expire at different dates from 2019 to 2067.

Any of the ENEL Group's concessions, including concessions not specifically described above, may not be renewed after they expire or may be renewed on economic terms that are more burdensome for the ENEL Group. In either case, the ENEL Group could experience material and adverse effects upon its business prospects, results of operations and financial condition.

***The Group faces risks related to the impact of COVID-19***

As has been widely reported in the press, there has been an outbreak of a novel and highly contagious form of coronavirus disease (COVID-19) in China, which has spread throughout the world, including Italy. This outbreak (and any future outbreaks) of COVID-19 has led (and may continue to lead) to disruptions in China's economy and/or the economies of other nations where COVID-19 has arisen and may in the future arise, and may result in adverse impacts on the global economy in general. The outbreak has been declared as a public health emergency of international concern by the World Health Organization, and the Health and Human Services Secretary has declared a public health emergency in the United States in response to the outbreak. These circumstances have led to volatility in the capital markets and may lead to volatility in or disruption of the credit markets at any time and may adversely affect the value of the Securities. As COVID-19 continues to spread, the potential impacts, including

a global, regional or other economic recession, are increasingly uncertain and difficult to assess. If the spread of COVID-19 increases or persists for a significant period of time, or “second wave” restrictions or other measures are put in place, this could have a materially negative impact on the global economy. Investors should note the risk that the virus, or any governmental or societal response to the virus, may affect the business activities and financial results of the Issuer and the Group, and/or may impact the functioning of the financial system(s) needed to make regular and timely payments under the Securities, and therefore the ability of the Issuer to make payments on the Securities.

For further impacts of the spread of COVID-19 on the Issuer’s financial position, please see COVID-19 notes in the following sections: “*Significant events in the 1st Half of 2020*”, “*Group performance and operations*”, “*Explanatory notes*” 2020 ENEL Half Year Financial Report for the six month period ended 30 June 2020 which is incorporated by reference in this Offering Circular.

***Risks related to the issuance and revocation of permits, concessions and administrative authorizations for the development, construction and operation of plants***

The development, construction and operation of electric power production plants is subject to complex administrative procedures, which requires the procurement of numerous permits from both national and local relevant authorities.

Procedures for obtaining authorizations vary by country and requests may be rejected by the relevant authorities for various reasons or approved with delays which may be significant. The process of obtaining permits can be further delayed or hindered by changes in national or other legislation or regulation or by opposition from communities in the areas affected by a project.

Any failure or delay to obtain permits, concessions and/or necessary authorizations with regard to plants being built, and any revocation, cancellation or non-renewal of permits and/or authorizations in relation to existing plants, and objections by third parties to the issuance of these permits, concessions and authorization may lead the Group to modify or reduce its development objectives in certain areas or technologies, and may have material adverse effects on the Group’s business, financial condition and results of operations.

***The ENEL Group faces risks relating to the variability of weather and seasonality and extreme weather events***

Electricity and natural gas consumption levels change significantly as a result of climatic changes. Changes in weather conditions can result in significant changes in energy demand and the ENEL Group’s sales mix, ultimately impacting turnover and performance of the ENEL Group. More specifically, in warmer periods of the year, gas sales decline, while during periods in which factories are closed for holidays, electricity sales decline. In addition, weather changes (for example, low wind or rain levels) affect the ENEL Group’s production from certain renewable resources. In particular, ENEL’s electric power generation involves hydroelectric generation and, accordingly, ENEL is dependent upon hydrological conditions prevailing from time to time in the geographic regions where the relevant hydroelectric generation facilities are located. Hydroelectric generation performance is particularly high during the winter and early spring given the more favourable seasonable weather conditions. If hydrological conditions result in droughts or other conditions that negatively affect ENEL’s hydroelectric generation business, ENEL’s results of operations could be materially adversely affected. Also, adverse weather conditions can affect the regular delivery of energy due to power plants and result in networks damage and the consequent service disruption. The Group is exposed to the risk of damage to assets and infrastructures caused by extreme weather events or natural disasters and, consequentially, to the risk of prolonged unavailability of these assets.

Although the Group adopts initiatives to monitor, assess and quantify the impacts of the variability of weather and seasonality and extreme events on the Group, also adopting sophisticated monitoring and mitigation measures consistent with internationally recognized Environmental Management Systems (EMS), significant changes of such nature, and the occurrence of one or more of the events described or other similar events could adversely affect the business prospects, results of operations and financial condition of ENEL.

***The ENEL Group is exposed to risks connected with climate change***

Climate change may affect the ENEL Group through two channels: physical variable and transition scenario changes. With regard to the risks related to climate change associated with physical variables, and taking the IPCC (The Intergovernmental Panel on Climate Change) pathways as points of reference, ENEL analysed the trends in the following variables and associated operational and industrial phenomena with potential risks: (i) change in mean temperatures and potential increase and/or decrease in energy demand; (ii) change in mean rainfall and snow levels with a potential increase and/or decrease in hydroelectric generation; (iii) change in mean solar radiation and wind with a potential increase and/or decrease in solar and wind generation. However, work to perfect these analyses is ongoing. According to the scenarios used, significant, chronic changes in the variables analysed, even in the event of increases, would have a material impact mainly over the long term. In addition to chronic trends, the frequency and impact of these events have been looked at in terms of extreme events potentially resulting in unexpected physical damage to assets that could have material impact. Furthermore, with regard to the transition toward a more sustainable development, ENEL considers that the following sources of risks may have an impact on ENEL Group's operations:

- introduction of laws and regulations for getting through the transition and the Paris Agreement introducing stricter emission limits and/or altering the generation mix not driven by price signals;
- increase in the level of competition and convergence of opportunities from diverse fields with opportunities to access new markets, services and/or partnerships or for the entry of new players in the energy industry; and
- regulatory changes with a view to integrating new digital and renewable technologies and to driving infrastructure resilience with potential introduction of new mechanisms of remuneration tied to environmental performance and innovation.

***The Group faces risks relating to interruptions in service at its facilities***

The ENEL Group is continuously exposed to the risk of malfunctions and/or interruptions in service resulting from events outside of the ENEL Group's control, including accidents, natural disasters (including earthquakes, severe storms and major unfavourable weather conditions) defects or failures in machinery or control systems or components of them. It is also subject to the risk of casualties or other similar extraordinary events. Any such events could result in economic losses, cost increases, or the necessity to revise the ENEL Group's investment plans. Additionally, service interruptions, malfunctions or casualties or other significant events could result in the ENEL Group being exposed to litigation, which could generate obligations to pay damages. Although the ENEL Group has insurance coverage, such coverage may prove insufficient to fully offset the cost of paying such damages. Therefore, the occurrence of one or more of the events described above, or other similar events, could have a material adverse effect on the business prospects, results of operations and financial condition of ENEL.

***The Group is exposed to disruptions in its information technology and cyber attacks***

The Group depends on its information technology and data processing systems for the efficient operation of its business, including the management of relationships with customers and other parties, and a significant malfunction or disruption in the operation of its systems could disrupt the Group's business and adversely impact its ability to compete. The Group also uses a significant number of systems and other technologies supplied by third parties. Such systems are susceptible to malfunctions and interruptions due to equipment damage, power outages, and a range of other hardware, software and network problems. Breakdowns and interruptions in the IT systems could jeopardize the Group's operations, causing errors in the execution of transactions, inefficient processes, loss of customers, production breakdowns and other business interruptions.

In addition to supporting its operations, the Group uses its information systems to collect and store confidential and sensitive data, including information about its business, clients and employees. As the Group's technology continues to evolve, it is anticipated that the Group will collect and store even more data in the future, and that its systems will increasingly use remote communication features that are sensitive to both willful and unintentional security breaches. In the event of a breach in security that allows third parties access to this personal information, the Group is subject to a variety of ever-changing laws on a global basis that require the Group to provide notification to the data owners, and that subject the Group to lawsuits, fines and other means of regulatory enforcement.

The organizational complexity of the Group exposes the Group's assets to the risk of cyber-attacks, or threats of intentional disruption, which are increasing in terms of sophistication and frequency. Although the Group has adopted a model for managing these risks and, in particular, has adopted a "Cyber Security Framework" to guide and manage cyber security activities, which provides for the involvement of the relevant business areas, compliance with legal requirements and recommendations, the use of the best available technologies, ENEL may be subject to cyber-attacks and other security threats to its IT systems. In such circumstances, the Group could be unable to continue to conduct its business in an effective manner, or to prevent or respond promptly and adequately or to mitigate the adverse effects of breakdowns or interruptions in its IT infrastructure, with possible adverse effects on its reputation, financial condition, assets, business and results of operations.

***ENEL is exposed to risks relating to recent and potential future acquisitions***

In 2017, the Group completed several acquisitions, in particular through its new Enel X Global Business Line, which acquired companies operating in the fields of demand response, energy storage and the construction of infrastructure for electric mobility, with an overall investment of approximately €380 million. In 2018, the Group acquired control over the Brazilian power distribution company Eletropaulo Metropolitana Eletricidade de São Paulo SA through a voluntary tender offer launched by ENEL's indirect subsidiary Enel Brasil Investimentos Sudeste SA, with an overall investment of €1,541 million. With respect to both past and future acquisitions, the Group may be exposed to liabilities not detected during the due diligence process or not covered by contractual provisions. Furthermore, other assessments of the acquired business made at the time of the initial investment could prove to be incorrect.

Acquisitions entail an execution risk – the risk that ENEL will not be able to effectively integrate the purchased assets so as to achieve the benefits and synergies expected from such transactions. In addition, acquisitions entail a financial risk – the risk of not being able to recover the purchase costs of acquired assets. Enel may also incur unanticipated costs or assume unexpected liabilities and losses in connection with companies or assets it acquires.

Any of the above circumstances could have adverse effects on the Group's financial condition, business and results of operations.

***The credit agreements and bond agreements that the ENEL Group has entered into contain restrictive covenants that limit its operations***

The agreements relating to the long-term financial indebtedness of the Group contain covenants that must be complied with by the borrowers (ENEL and the other companies of the Group) and, in certain instances, by ENEL, as guarantor. The failure to comply with any of them could constitute a default, which could have a material adverse effect upon the Group, its business prospects, its financial condition or its results of operations. In addition, covenants such as “negative pledge” clauses, “material change” clauses and covenants requiring the maintenance of particular financial ratios or credit ratings, constrain the Group’s ability to acquire or dispose of assets or incur new debt.

***The Group faces risks related to the potential liabilities resulting from energy production through nuclear power plants***

The ENEL Group is in the business of nuclear power generation as a result of the ENEL Group’s interests in Endesa and the on-going procedure for future decommissioning related to Slovenské elektrárne (“SE”).

Although ENEL believes that Endesa’s and SE’s nuclear power plants use technologies that are internationally recognised and that they are managed according to international standards, ownership and operation of nuclear power plants nonetheless exposes the ENEL Group to a series of inherent risks, including those relating to the manipulation, treatment, disposal and storage of radioactive substances and the potential adverse effects thereof on the environment and human health.

Under current Spanish law, the Group may incur liabilities of up to €700 million for any nuclear damages caused during the storage, transformation, management, use or transportation of nuclear substances, regardless of the existence of wilful misconduct or negligence. In addition, in 2011 Spain adopted amendments to the relevant law increasing such liability to €1,200 million; such amendments have not yet entered into force pending a ratification process under related EU legislation.

Any nuclear accident or other harmful incident (including resulting from terrorist attacks) could have a material adverse effect on the business prospects, results of operations and financial condition of ENEL and the ENEL Group.

Potential risks also arise in relation to the decommissioning of nuclear power plants. The Slovakian government has established a fund to finance the present and future costs associated with the decommissioning of nuclear reactors. The deficit of this fund has not been definitively quantified, and the ENEL Group could potentially face future costs relating to decommissioning work at Bohunice or Mochovce, in addition to the amounts that it is already required to contribute to the aforementioned fund (according to the regulation No. 22/2019 Coll. dated 9 January 2019, the contribution was determined stating the value of yearly contribution for the years 2019 through 2022 in amount of Euro 41,036,084 per year for Atómové elektrárne Bohunice 2 power plant (EBOV2) and Euro 24,891,727 per year for Atómové elektrárne Mochovce unit 1 and 2 (EMO1&2). The fee for 2023 and beyond will be determined by the regulation). Following the disposal of part of its interest in SE in July 2016, ENEL owns indirectly a 33% interest in SE and accounts for such investment pursuant to the equity method.

## **2. Financial Risks**

***The ENEL Group is burdened by significant indebtedness and it must generate sufficient cash flow to service such indebtedness***

As of 30 June 2020, the ENEL Group's net financial debt was equal to €50,411 million, compared to €45,175 million as of 31 December 2019 and €45,391 million as of 30 June 2019. The ENEL Group's net financial debt is calculated in accordance with paragraph 127 of Recommendation ESMA/2013/319 and in line with the CONSOB instructions of 28 July 2006, net of financial receivables and long-term securities.

As of 30 June 2020, the repayment schedules of the ENEL Group's long-term debt provided for the repayment of €1,424 million in 2020 and €3,550 million in 2021. The ENEL Group's net short-term financial debt (including current maturities of long-term debt) showed a net creditor position and amounted to €46 million as of 30 June 2020, compared to €5,814 million as of 31 December 2019 and €3,037 million as of 30 June 2019. Any failure by the Group to make any of its scheduled debt repayments, or to reschedule such debt on favourable terms, would have a material adverse effect on the Group, its business prospects, its financial condition and its results of operations. For further information on the performance indicators, see sub-paragraph headed "*Definition of performance indicators*" on pages 91 to 92 of the 2020 ENEL Half Year Financial Report of the Issuer as of 30 June 2020 that is incorporated by reference hereto.

***Changes in the level of liquidity available to ENEL may adversely affect the ENEL Group's results of operations and financial condition***

The ENEL Group may not be able to meet its payment commitments or otherwise it may be able to do so only on unfavourable conditions. This may materially and adversely affect the ENEL Group's results of operations and financial condition should the ENEL Group be obliged to incur extra costs to meet its financial commitments or, in the worst case scenario, threaten the ENEL Group's future as a going concern and lead to insolvency. The ENEL Group's approach to liquidity risk management is to maintain a level of liquidity which is adequate for the ENEL Group to meet its payment commitments over a specific period without resorting to additional sources of financing and to have a prudential liquidity buffer sufficient to meet unexpected cash outlays. In addition, in order to ensure the ability to meet its medium-long-term payment commitments, the ENEL Group pursues a strategy aimed at diversifying its funding sources and optimising the maturity of its debt. However, these measures may not be sufficient to cover such risk. To the extent they are not, this may adversely affect the ENEL Group's results of operations and financial condition.

***ENEL conducts its business in several different currencies and is exposed to exchange rate risks, particularly in relation to the rate of exchange between the Euro and the U.S. dollar***

The Group is exposed to exchange rate risks in relation to cash flows connected to the purchase and/or sale of fuels and electricity on the international markets, cash flows related to investments or other financial income or expenses denominated in foreign currencies, such as dividends deriving from non-consolidated foreign subsidiaries, cash flows related to the purchase or sale of equity participations, and indebtedness in currencies different from those used in the countries where the Group has its principal operations. The ENEL Group has significant exposure to fluctuations of the Euro against the U.S. dollar and the currencies of the South American countries in which the ENEL Group is present, which have recently been subject to market volatility. It is worth highlighting that such exchange rate risk is higher in hyperinflationary economies like Argentina (which is a country in which ENEL operates).

With reference to the transaction risk, which is the risk arising from the revaluation of assets and liabilities, the main source of risk is represented by debt denominated in currencies different from the functional currencies of Group companies that hold the debt. At 30 June 2020, 53% of the Group long-term debt was denominated in currencies other than euro, compared to 52.0% as of 31 December 2019.

Taking into account the hedging transactions, such percentage amounted to 18% at 30 June 2020, compared to the same percentage reported as at 31 December 2019. Furthermore, the residual exposure to currencies other than the functional currencies is negligible. Any future significant variations in exchange rates affecting the currencies in which the Group operates and/or failure of the Group's related hedging strategy could materially and adversely affect ENEL's and the Group's financial conditions and results of operations.

Revenues and costs denominated in foreign currencies may be significantly affected by exchange rate fluctuations, which may have an impact on commercial margins (*i.e.*, economic risk), and commercial and financing payables and receivables denominated in foreign currencies may be significantly affected by conversion rates used for profit and loss computation.

Furthermore, because the ENEL Group's consolidated financial statements are expressed in Euro but the financial statements of several subsidiaries are expressed in other currencies, negative fluctuations, in exchange rates could negatively affect the value of consolidated foreign subsidiaries' assets, income and equity, with a concomitant adverse effect on the Group's consolidated financial statements (*i.e.*, translation risk). For instance, due to the translation effect, an appreciation of the Euro against the Group's other significant currencies, including the U.S. dollar, would adversely affect the Group's results.

Exchange rate risk is managed in accordance with the ENEL Group's financial risk management policies, which provide for the stabilisation of the effects of fluctuations in exchange rates to avoid such risk. To this end, the ENEL Group has developed operational processes that ensure the appropriate coverage of exposures through hedging strategies, which typically involve the use of financial derivatives and the posting of cash collateral to the Group's hedging counterparties. However, hedging instruments may not be successful in protecting the Group effectively from adverse exchange rate movements.

***Changes in the creditworthiness of the ENEL Group's counterparties may adversely affect the ENEL Group's business and financial condition***

The ENEL Group is exposed to credit risk deriving by commercial, commodity and financial operations. Credit risk is intended as the possibility that the ENEL Group's counterparties might not be able to discharge all or part of their obligations due to an unexpected change in the creditworthiness that impacts the creditor position, in terms of insolvency or changes in its market value.

Beginning in the last few years, with the instability and uncertainty of the financial markets and the global economic crisis, average payment times for trade receivables by counterparties have increased.

In this frame, the ENEL Group's general policy calls for the application of criteria in all the main regions/countries/business lines for measuring credit exposures in order to promptly identify any deterioration in credit quality – determining any mitigation actions to implement – and to enable the monitoring and reporting of credit risk exposures at the ENEL Group level. Moreover, in most of the regions/countries/business lines the Group assesses in advance the creditworthiness of each counterparty with which it may establish its largest exposures on the basis of information supplied by independent providers and/or internal models.

In addition, for certain segments of its customer portfolio, the Group also enters into insurance contracts with leading credit insurance companies.

In spite of such risk management policies and insurance, default by one or more significant counterparties of the ENEL Group may adversely affect the ENEL Group's results of operations and financial condition.

***A portion of the ENEL Group's indebtedness is subject to floating interest rates, thus subjecting the Group to the risk of adverse interest rate fluctuations***

Market interest rate affects the ENEL Group's results mainly through possible increase in interest expenses due to floating rate indexed debt. As at 30 June 2020, 32% of the Group's gross financial debt was subject to floating interest rates (compared to 27.4% as at 31 December 2019). Taking into account the hedge accounting of interest rates considered effective pursuant to the IFRS-EU, 24% of the Group's gross financial debt was exposed to interest rate risk at 30 June 2020 (19.6% at 31 December 2019). Any significant increase in interest rates could therefore lead to an increase in the Group's debt service expenses, which would have a material adverse effect on the Group, its business prospects, its financial condition and its results of operations.

The Group adopted risk management policies that provide for the hedging of interest rate risk exposure in line with limits and targets assigned by the top management of the Group. Hedging activities typically entail the use of derivative instruments aiming at transforming floating rate liabilities into fixed rate liabilities and sometimes require the posting of cash collateral to the Group's hedging counterparties. Nevertheless, the Group has not eliminated its exposures to interest rate risk and ENEL cannot offer assurance that they will function as intended and to the extent the Group fails to adequately manage the risks inherent in interest rate volatility, its results of operations may be adversely impacted. In addition, it is possible that the hedging and derivative instruments used by the Group to establish a fixed rate for certain of its floating rate liabilities may lock the Group into interest rates that are ultimately higher than actual market interest rates. Hedging activities could also entail significant costs.

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

The Group's balance sheet at 30 June 2020 included €31,380 million of goodwill and other intangible assets or 18.8% of the Group's total assets. Such goodwill and other intangible assets have arisen principally in connection with the Group's acquisition of Endesa as well as other businesses, principally in South America. Goodwill is not amortized, but tested for impairment at the reporting unit level. Intangible assets are generally impaired on a straight line basis over their useful life but are also tested for impairment at least annually. Goodwill is required to be tested for impairment annually and between annual tests if events or circumstances indicate that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. There are numerous risks that may cause the fair value of a reporting unit to fall below its carrying amount, which could lead to the measurement and recognition of goodwill impairment. These risks include, but are not limited to, adverse changes in legal factors or the business climate, an adverse action or assessment by a regulator, the loss of key personnel, a more-likely-than-not expectation that all or a significant portion of a reporting unit may be disposed of, failure to realize anticipated synergies from acquisitions, a sustained decline in market capitalization, significant negative variances between actual and expected financial results, and lowered expectations of future financial results. Should the Group be required to write down its goodwill and other intangible assets following an impairment test, the Group's results of operations in the relevant period may be materially and adversely affected.

***The Group is exposed to the risk related to the fluctuations of fuel, other commodities and electricity prices, and disruptions in their supply***

In the ordinary course of business, the ENEL Group is exposed to adverse price fluctuations of commodities and disruptions in their supply based on events outside ENEL's control. The more relevant risks are related to increases in the purchase prices of electricity, fuel and other commodities.



The Group is also exposed to the risk of decreases in the sale prices of electricity and gas in the countries where it operates.

The ENEL Group adopted risk management policies providing principles for the hedging of price risk in line with limits and targets assigned by the top management. Hedging activities typically entail the use of derivative instruments aiming at reducing the risk. Nevertheless, the Group has not eliminated its exposures to these risks and, in addition, hedging contracts for the price of electricity, gas and other commodities are available in the market only for limited forward periods, hence not protecting against adverse price movements in the medium-long term. Consequently, significant variations in fuel, other commodities and electricity prices, and any relevant interruption in supplies, could have a material adverse effect on the business prospects, results of operations and financial condition of ENEL.

As regards electricity sold, the Group mainly uses fixed-price agreements in the form of bilateral physical contracts (PPAs) and financial contracts (e.g. contracts for difference, in which differences are paid to the counterparty, if the market price exceeds the strike price, or to the Group, in the opposite case). The residual exposure related to the uncontracted volume of electricity to be sold is aggregated by homogeneous risk factors and managed by means of hedging transactions on the energy market. Nevertheless, sales agreements and hedging strategies may be ineffective, and significant changes in electricity prices could adversely affect the business prospects, results of operations and financial condition of ENEL.

### **3. Risks relating to macro-economic conditions and country risks**

***The Group is vulnerable to any severe slowdown in power demand as a consequence of industrial sector weaknesses or potential energy intensity***

The environment in which the Group currently operates is marked by the weakness of macroeconomic conditions worldwide, including low levels of consumption and industrial production.

Electricity and gas consumption are strongly affected by the level of economic activity in a given country.

According to Terna, the Italian transmission system operator, electricity demand in Italy increased by 0.7% during 2019 in comparison to 2018. In mainland Spain, the demand for electricity increased by 1.8% during 2019 in comparison to 2018.

The crises in the banking system and financial markets in recent years, together with other factors, have resulted in economic recessions in many of the countries where the Group operates, such as Italy, Spain, Russia, other countries in the EU and the United States. If these economies fail to recover for a significant period of time, or worsen, energy consumption may decrease or continue to decrease in such markets, and this could result in a material adverse effect on the business prospects, results of operations and financial condition of ENEL and the Group.

***Risks related to the adverse financial and macroeconomic conditions within the Eurozone***

Since 2013 the global economy has grown at a modest pace, curbed by the stagnation of economic activity in parts of Europe, as well as the slow-down of several emerging economies. In the Eurozone, the pace of economic recovery has lagged behind that of other advanced economies following the prior global recession, including as a result of the sovereign debt crisis that affected several European countries, including Italy and Spain. In 2017, the Eurozone's economic recovery was stronger and broader than that observed in previous years, but it was underpinned more by positive sentiment than structural factors. In 2019, with global conditions deteriorating, the Eurozone's economic growth rate is expected to revert to a lower level. In the near future the stability of the Eurozone might be

adversely impacted also by several events, including those related to the Covid-19 epidemiologic crisis.

Core inflation remains subdued, below the European Central Bank's (the "ECB") target and it is not expected to regain traction any time soon. Weak business and consumer confidence are affecting consumption and investment decisions. European monetary policy remains remarkably accommodative in order to support the recovery of the Eurozone's economy. Indeed, the ECB began a new program of Targeted-Long-Term-Refinancing-Operations (TLTRO III) to support the banking sector and reopened the Asset Purchase Program (APP).

In light of the Covid-19 crisis (for further details see "*The Group faces risks related to the impact of COVID-19*"), recently the ECB has embarked an unprecedented monetary stimulus, by establishing an initially €750 billion pandemic emergency purchase programme (PEPP), whose envelope has been recently increased by €600 billion to a total of €1,350 billion. The PEPP expansion is expected to further ease the general monetary policy stance, supporting funding conditions in the real economy, especially for businesses and households. The horizon for net purchases under the PEPP will be extended to at least the end of June 2021. In any case, the Governing Council will conduct net asset purchases under the PEPP until it judges that the Covid-19 crisis phase is over.

In addition, on 21 July 2020, the governments of the Member States of the European Union have agreed upon the establishment of a Recovery Fund of €750 billion, including €390 billion of grants and €360 billion of loans, to be disbursed over the 2021-24 period, as part of the 2021-2027 EU budget. Pursuant to the terms of the final agreement, the volume of grants has been reduced to €390 billion (from the initial €500 billion proposal), the northern countries of the European Union have been allowed to keep their budget rebates and certain compromises with regard to the governance of the Recovery Fund have been included. Although the terms of the final agreement significantly reduced the share of grants to be disbursed and the complexity of the new governance structure of the Recovery Fund might delay the actual disbursements of money, the agreed volume of grants is close to what market players were expecting. The final allocations of the grants amongst the Member States has not been released yet, however grant disbursements should be close to €80 billion to Italy (an amount equal to approximately 4.5% of the GDP) and around €70 billion to Spain (an amount equal to approximately 5.5% of the GDP). Therefore, together with the ECB's sovereign purchases, the Recovery Fund will have the power to close the Euro area's funding gap over the 2020-22 period.

However, despite the stimulus, any potential draining of liquidity may adversely impact growth in Eurozone countries, including the countries in which the Group operates, with potential negatively impact on the Group's business and results of operations.

The economic recovery of the Eurozone may also be jeopardized by the current political instability affecting several countries, ranging from the United Kingdom's (the "UK") decision to leave the EU (as described in more detail below under "*The UK's decision to withdraw from the EU may have a negative effect on global economic conditions, financial markets and the ENEL Group's business*"), to the possible exit from the EU of more Member States and/or the replacement of the Euro by one or more successor currencies to which the foregoing could lead. These events could have a detrimental impact on the global economic recovery and the repayment of sovereign and non-sovereign debt in certain countries, as well as on the financial condition of European institutions, further increasing the volatility in the European financial markets and may affect demand for ENEL's goods and services.

There can be no assurance that the economy in Europe will not worsen, nor can there be any assurance that current or future assistance packages or measures granted to certain Eurozone countries will be available or, even if provided, will be sufficient to stabilize the affected countries and markets and

secure the position of the Euro. These risks are especially significant in Italy and Spain, where a large proportion of the Group's European operations are concentrated. The economic downturn may also impact the Group's customers, may result in their inability to pay the amounts owed to the Group and may affect demand for ENEL's goods and services. Continuation of further worsening of these difficult financial and macroeconomic conditions could have a material adverse effect upon the Group, its business prospects, its financial condition and its results of operations.

***The ENEL Group faces risks relating to political, social or economic instability in some of the countries where the Group operates***

The Group's activities outside of Italy (in particular Russia and certain South American countries) are subject to a range of country-specific business risks, including changes to government policies or regulations in the countries in which it operates, changes in the commercial practice, the imposition of monetary and other restrictions on the movement of capital for foreign corporations, economic crises, state expropriation of assets, the absence, loss or non-renewal of favourable treaties or similar agreements with foreign tax authorities and general political, social and economic instability. Such countries may also be characterised by inadequate creditors' protection due to a lack of efficient bankruptcy procedures, investment restrictions and significant exchange rate volatility.

Systemic (i.e. not diversifiable) risks, referred to as "country risks", could have a material adverse effect on ENEL's business returns and, in order to effectively monitor them, ENEL regularly carries out a qualitative assessment process of the risks associated with each country where the ENEL Group operates. In addition, ENEL has developed a quantitative model using shadow rating approach in order to support capital allocation and investments evaluation processes in the context of industrial planning and business development. This model is aimed at detecting Group exposures to socio-political risk factors, as in Latin America.

There can be no assurance that these policies cover all of the potential liabilities which may arise in connection with country risks. Therefore, the occurrence of an event not covered, or only partially covered, could have a material adverse effect upon the ENEL Group, its business prospects, financial condition and results of operations.

***Changes in macro-economic, geo-political and market conditions, globally and in the countries in which the ENEL Group operates, as well any regulatory changes, may adversely affect the ENEL Group's business and financial condition***

Given the international span of the Group's operations, changes in the political situation in a country or region or political decisions that have an impact on a specific activity or geographic area, could have a significant impact on demand for the Group's products and services. Additionally, uncertainties regarding future trade arrangements and industrial policies in various countries or regions, both within and outside Europe, such as policies on energy savings and the possible introduction of new customs duties, may create additional macroeconomic risk. In 2018, the U.S. administration began introducing tariffs on various categories of goods, and threatened to introduce further tariffs; in response, the EU, China and other jurisdictions have introduced tariffs on U.S. goods. An escalating trade war may have material adverse effects on the industry in which ENEL operates and on the Group's business, results of operations and financial condition.

Any developments involving the above mentioned factors could have an adverse impact on the Group's business and operating results as well as the Group's financial condition, assets, business and results of operations.

***The Group faces risks relating to the process of energy market liberalisation, which continues to unfold in many of the markets in which the Group operates. The Group may face new competition in the markets in which it operates, also due to the evolution of the energy sector***

The energy markets in which the ENEL Group operates are undergoing a process of gradual liberalisation, which is being implemented through different approaches and on different timetables in the various countries in which the ENEL Group operates. As a result of the process of liberalisation, new competitors have entered and may in the future continue to enter many of the ENEL Group's markets. It cannot be excluded that the process of liberalisation in the markets in which the ENEL Group operates might continue in the future and, therefore, the ENEL Group's ability to develop its businesses and improve its financial results may be affected by such new competition. In particular, competition in Italy is increasing particularly in the electricity business, in which ENEL competes with other producers and traders within Italy and from 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 or received in ENEL's electricity production and trading activities. The ENEL Group may moreover be unable to offset the financial effects of decreases in production and sales of electricity through efficiency improvements, or expansion into new business areas or markets. Moreover, since the energy market is in continuous evolution, the ENEL Group may also face risks related to the technological progress in the sector, such as: (i) the entry in the market of new production processes and innovative products, aimed at replacing the traditional technologies; (ii) the relationship between the costs of technologies and their components; and (iii) a more stringent regulatory framework demanding that market operators adopt technologies necessary to comply with the applicable laws.

Furthermore, as a result of such rapid evolution of the energy sector, new entrants seeking to gain market share by introducing new technology and new products could create increased pricing pressure, in turn reducing profit margins, slowing the pace of any sales increases, increasing marketing expenses or reducing market share, any of which may significantly affect the Group's operating results and financial condition.

Although the ENEL Group has sought to face the challenge of liberalisation and market evolution by increasing its presence and client base in free (non-regulated) areas of the energy markets in which it competes and by focusing on technological progress and research of business innovation of strategic importance, it may not be successful in doing so.

***The UK's decision to withdraw from the EU may have a negative effect on global economic conditions, financial markets and the ENEL Group's business***

On 29 March 2017, the UK delivered to the European Council notice of its intention to withdraw from the EU, pursuant to Article 50 of the Treaty on the European Union. The delivery of such notice started a two-year period during which the UK negotiated with the EU the terms of its withdrawal and of its future relationship with the EU (the "**Article 50 Withdrawal Agreement**"). The Article 50 Withdrawal Agreement has not yet been ratified by the UK or the EU. In October 2019, the parties agreed to a third extension of the period referred to in Article 50 of the Treaty on the European Union to allow for the ratification of the Article 50 Withdrawal Agreement no later than 31 January 2020. On 31 January 2020, the UK withdrew from the European Union. According to Articles 126 and 127 of the Article 50 Withdrawal Agreement (approved by the European Parliament on 29 January 2020), the UK entered an implementation period during which it will negotiate its future relationship with the European Union. During such implementation period – which is due to operate until 31 December 2020 – the Union law shall continue to apply in the United Kingdom. There are a number of

uncertainties in connection with such negotiations, including the timing of the negotiations and the future of the UK's relationship with the EU.

In addition, the UK's decision to withdraw from the EU has also given rise to calls for the governments of other EU member states to consider withdrawal. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets, which could in turn depress economic activity and restrict ENEL's access to capital. Until the terms and timing of the UK's exit from the EU are clearer, it is not possible to determine the impact that the UK's departure from the EU and/or any related matters may have on the stability of the Eurozone or the EU and, ultimately, on the business of the Group. As such, no assurance can be given that such matters would not adversely affect the Group, its business prospects, its financial condition, its results of operations, the ability of the ENEL Group to satisfy the relevant obligations under the Securities and/or the market value and/or the liquidity of the Securities in the secondary market.

***ENEL is subject to risks associated with residents' opposition***

Enel currently operates in a vast geographical area, with a presence in over 30 countries and five continents. It conducts business activities that require the development of infrastructure in local areas, which in some cases can cause either criticism or partial acceptance. In turn, Enel may be exposed to reputational and operational risks due to delays in the execution of projects for new sites or risk that may affect the operational continuity of existing sites. On the other hand, Enel's commitment to decarbonize its energy mix – with a particular focus on the coal mining phase – could have a potential negative impact in local areas which are heavily dependent on coal operations (extraction and energy generation) in terms of job losses and socio-economic development. This could ultimately expose Enel to reputational risks or even delay the Group's achievement of the decarbonization goals set out in its Strategic Plan.

**4. Legal and regulatory risks**

***The ENEL Group is subject to different regulatory regimes in all the countries in which it operates. These regulatory regimes are complex and their changes could potentially affect the financial results of the Group***

The Group is subject to the laws of various countries and jurisdictions, including Italy, Spain and the EU, as well as the regulations of particular regulatory agencies, including, in Italy, the Authority for Electricity and Gas (*Autorità di Regolazione per Energia, Reti e Ambiente*) (the “**Authority**”) and, in Spain, the *Comisión Nacional de los Mercados y la Competencia* (“**CNMC**”).

These laws and regulations may change and the Group may become subject to new legislation or regulatory requirements that could have a material effect on the Group's business, results of operations and financial condition.

Sectorial regulation affects many aspects of the Group's business and, in many respects, determines the manner in which the Group conducts its business and sets the fees it charges or obtains for its products and services. For further details on the legislative and regulatory context in which the ENEL Group operates, see also the paragraph entitled “*Regulation*” in the “*Description of ENEL*” section incorporated by reference in this Offering Circular. Changes in applicable legislation and regulation, whether at a national or European level, and the manner in which they are interpreted, could negatively impact the ENEL Group's current and future operations, its cost and revenue-earning capabilities and in general the development of its business.

Future changes in the directives, laws and regulations issued by the EU, the Italian Republic, Spain, the Authority, CNMC or governments or authorities in the other countries and/or markets in which the Group operates could materially and adversely affect ENEL's and the Group's business prospects, financial condition and results of operations.

***ENEL is subject to a large variety of litigation and regulatory proceedings and cannot offer assurances regarding the outcomes of any particular proceedings***

In the ordinary course of its business, the Group is subject to numerous civil (including in relation to antitrust and tax violations) and administrative proceedings, as well as criminal (including in connection with environmental violations, manslaughter and omission of accident prevention measures) and arbitral proceedings. ENEL made provisions in its consolidated financial statements for contingent liabilities related to particular proceedings in accordance with the advice of internal and external legal counsel. Such provisions amounted to €845 million as of 30 June 2020, compared to €1,070 million as of 31 December 2019, and €1,088 million as of 30 June 2019. Such decrease from 31 December 2019 to 30 June 2020 is mainly due to a negative impact of FX especially in Brazil.

The Group confirms that the assessment of any liability arising from or in connection with a litigation and its potential description in the financial statement is carried out in full compliance with and according to the applicable international accounting principles and, in particular, pursuant to IAS 37. For further information, see “*Description of ENEL - Litigation*” in which the Group provides updated and relevant information concerning the above-mentioned potential liabilities related to litigations.

Notwithstanding the foregoing, the Group has not recorded provisions in respect of all of the proceedings to which it is subject. In particular, it has not recorded provisions in cases in which it is not possible to quantify any negative outcome and in cases in which it currently believes that negative outcomes are not likely. There can be no assurance, therefore, that the Group will not be ordered to pay an amount of damages with respect to a given matter for which it has not recorded an equivalent provision, or any provision at all. For further information, see “*Description of ENEL - Litigation*”. The variability in the outcomes of the existing judicial proceedings may determine a situation in which the provisions set aside may not be sufficient to cover the relevant losses. As a consequence, if future losses arising from the pending judicial proceedings are materially in excess of the provisions made, there may be a material adverse effect on the Group's business, cash flow, financial condition and results of operations.

In addition, although the Group maintains internal monitoring systems (including an internal control model pursuant to Italian Legislative Decree No. 231 of 8 June 2001), it may be unable to detect or prevent certain crimes including, *inter alia*, bribery, corruption, environmental violations, manslaughter, violations of rules regarding health and safety in the workplace committed by its directors, officers, employees or agents, which could lead to civil, criminal and administrative liability for the Group (including in the form of pecuniary sanctions and operational bans), as well as reputational damages.

***The Group faces significant costs associated with environmental laws and regulation and may be exposed to significant environmental liabilities***

The ENEL Group's businesses are subject to extensive environmental regulation on a national, European, and international scale. Applicable environmental regulations address, among other things, carbon dioxide (“CO<sub>2</sub>”) emissions, water pollution, the disposal of substances deriving from energy production (including as a result of the decommissioning of nuclear plants), and atmospheric contaminants such as sulphur dioxide (“SO<sub>2</sub>”), nitrogen oxides (“NO<sub>x</sub>”) and particulate matter, among other things.

The ENEL Group incurs significant costs to keep its plants and businesses in compliance with the requirements imposed by various environmental and related laws and regulations. Such regulations require the ENEL Group to adopt preventative or remedial measures and influence the ENEL Group's business decisions and strategy. Failure to comply with environmental requirements in the countries where the ENEL Group operates may lead to fines, litigation, loss of licences, permits and authorisations and, in general, to temporary or permanent curtailment of operations. For instance, Law No. 68/2015 has introduced a number of new criminal offences related to environmental liabilities (so called "*ecoreati*") – in particular the environmental pollution, environmental damage, trade and dereliction of radioactive material, criminal conspiracy aiming to carry out an "*ecoreato*" (art. 452-*octies* of the Italian Criminal Code) – implying new liabilities and, therefore, additional potential expenses, for companies subject to the environmental regulation such as entities belonging to the ENEL Group.

In light of the current public focus on environmental matters, it is not possible to exclude the possibility that more rigorous environmental rules may be introduced at the Italian, Spanish or European level or that more rigorous measures may be introduced in other countries where the Group operates, which could increase costs or cause the Group to face environmental liabilities. Such environmental liabilities could increase costs, including clean-up costs, for the Group. ENEL is not able to foresee the nature or the potential effects of future regulations on its results of operations. Due to tariff regulations and market competition in Italy and other countries in which the Group operates, increases in costs that the Group incurs for environmental protection may not be fully offset by the increases in ENEL's prices. As a result, new environmental regulation could have a material adverse effect on the Group's business prospects, results of operations and financial condition.

Legislation and other regulation concerning CO<sub>2</sub> emissions is one of the key factors affecting the ENEL Group's operations, and is also one of the greatest challenges the ENEL Group faces in safeguarding the environment. With respect to the control of CO<sub>2</sub> emissions, EU legislation governing the CO<sub>2</sub> emissions trading scheme imposes costs for the electricity industry, which could rise substantially in the future. In this context, the instability of the emission allowance market accentuates the difficulties of managing and monitoring the situation. The ENEL Group monitors the development and implementation on EU and Italian legislation, diversifies its generation mix towards the use of low-carbon technologies and resources with a focus on renewables and nuclear power, develops strategies to acquire allowances at competitive prices and enhances the environmental performances of its generation plants, increasing their energy efficiency. However, these measures and strategies undertaken by the ENEL Group to mitigate risks associated with CO<sub>2</sub> regulation and to reduce its CO<sub>2</sub> emissions may be ineffective or insufficient, which could have a material adverse effect on the business prospects, results of operations and the financial condition of ENEL and the ENEL Group. See "*Description of ENEL - Regulation*" for more information about CO<sub>2</sub>-related regulations.

In addition, the current U.S. administration has taken a number of steps that eliminate or reduce various clean energy programs, industries and initiatives, such as the decision to repeal or replace the Clean Power Plan and the notification of the United States' withdrawal from the Paris Agreement on climate change, designed to curtail global warming. If the United States take further steps to eliminate or further reduce, repeal or eliminate other existing programs, incentive legislation and regulations supporting renewable energies, such actions may result in a decrease in demand for renewable energies in the United States and other geographical markets and materially harm ENEL's business, financial condition and results of operations.

The Group is also subject to numerous EU, international, national, regional and local laws and regulations regarding the impact of its operations on the health and safety of employees, contractors,

communities and properties. Breaches of health and safety laws expose the Group's employees to criminal and civil liability and the Group to the risk of liabilities associated with compensation for health or safety damage, as well as damage to its reputation.

***The ENEL Group is exposed to a number of different tax uncertainties, which would have an impact on its tax expenses***

The ENEL Group is required to pay taxes in multiple jurisdictions in which it operates. The ENEL Group determines the taxes it is required to pay, based on its interpretation of the applicable tax laws and regulations in the jurisdictions in which it operates. Therefore, and as a result of its presence and operation in multiple jurisdictions (including, in addition to Italy and The Netherlands, countries of incorporation of ENEL and ENEL N.V., also, inter alia, Spain, South America, Romania, Russia and The United States), the ENEL Group may be subject to unfavourable changes in the applicable tax laws and regulations, or in the interpretation of such tax laws and regulations by the competent tax authorities. The financial position of the ENEL Group and its ability to service the obligations under its indebtedness, including the Securities, may be adversely affected by new laws or changes in the interpretation of existing tax laws.

**5. Risks relating to ENEL's credit ratings and shareholding**

***ENEL's ability to access credit and bond markets on acceptable terms is in part dependent on its credit ratings, which have come under scrutiny due to its level of debt***

ENEL's long-term debt is currently rated "BBB+" (stable outlook) by S&P, "A-" (stable outlook) by Fitch and "Baa2" (positive outlook) by Moody's. The credit ratings included or referred to in this Offering Circular will be treated for the purposes of the CRA Regulation as having been issued by S&P, Moody's and Fitch upon registration pursuant to the CRA Regulation. S&P, Moody's and Fitch are established in the EU and registered under the CRA Regulation. Each of Moody's, S&P and Fitch is included in the list of registered credit rating agencies published by the ESMA on its website in accordance with the CRA Regulation. The ratings of S&P and Moody's are near the low-end of the respective rating agency's scale of investment-grade ratings. Fitch's rating is in the upper medium part of the rating agency's scale. ENEL's ability to access the capital markets and other forms of financing (or refinancing), and the costs connected with such activities, depend on the credit ratings assigned to ENEL. In addition, any future downgrade of the sovereign credit rating of Italy and/or Spain or the perception that such a downgrade may occur may adversely affect the markets' perception of ENEL's creditworthiness and have a negative impact on the Group's credit ratings. Any worsening of credit ratings could limit ENEL's ability to access capital markets and other forms of financing (or refinancing), or increase the costs related thereto, with related adverse effects on ENEL's and the Group's business prospects, financial condition and results of operations as well as its ability to implement the 2020-2022 Strategic Plan, which contemplates a significant amount of capital expenditure (see "*—ENEL's ability to successfully execute its 2020-2022 Strategic Plan is not assured*").

Certain credit agreements entered into by companies belonging to the ENEL Group, state that the overall pricing applicable to the loans thereunder may vary according to ENEL's credit rating by S&P or Moody's. Any downgrade could thus adversely affect the amount of interest payable by ENEL. In addition, the possibility of access to the capital markets and to other forms of financing and the associated costs are also dependent, amongst other things, on the rating assigned to the Group. Therefore, any downgrade of such ratings could limit ENEL's access to the capital markets and could increase the cost of borrowing and/or of the refinancing of existing debt. Any downgrade could



therefore have adverse effects on the Issuer's and the Group's business prospects, financial condition and results of operations.

***ENEL is subject to the de facto control of the Italian Ministry of the Economy and Finance (the "MEF"), which can exercise significant influence over matters requiring shareholder approval***

As of the date of this Offering Circular, ENEL is controlled by the MEF – pursuant to Article 2359, first paragraph, no. 2) of the Italian Civil Code, as recalled by Article 93 of the Unified Financial Act – which holds a 23.585% direct stake in ENEL's ordinary shares.

As long as the MEF remains ENEL's principal shareholder, it can exercise significant influence in matters requiring shareholder approval. More importantly, the MEF succeeded so far in appointing the majority of the directors of ENEL, in accordance with the slate-based voting mechanism set forth in Article 14 of ENEL's articles of association. As a result, other shareholders' ability to influence decisions on matters submitted to a vote of ENEL's shareholders may be limited. However, the MEF is not involved in managing and coordinating ENEL, and ENEL makes its management decisions on a fully independent basis in accordance with the structure of duties and responsibilities assigned to its corporate bodies.

## **Risks related to the Securities**

### **1. Risks relating to the specific characteristics of the Securities**

***The Issuer's payment obligations in respect of the Securities are subordinated***

The Securities will be unsecured and subordinated obligations of the Issuer and will rank junior to the claims of unsubordinated and other subordinated creditors of the Issuer, except for subordinated creditors whose claims are expressed to rank *pari passu* with the Securities. See Condition 3 (*Status and Subordination*) of the Terms and Conditions of the Securities. By virtue of such subordination, upon the occurrence of a winding-up, insolvency, dissolution or liquidation of the Issuer, payments on the Securities will be subordinated in right of payment to the prior payment in full of all other liabilities of the Issuer, except for payments in respect of any Parity Securities or Junior Securities. The obligations of the Issuer under the Securities are intended to be senior only to its obligations to the holders of (i) any class of the Issuer's share capital and (ii) any other securities issued by the Issuer or any securities issued by a company other than the Issuer which have the benefit of a guarantee or similar instrument from the Issuer, which securities of the Issuer, or guarantee or similar instrument granted by the Issuer, rank or are expressed to rank *pari passu* with any class of the Issuer's share capital and/or junior to the Securities. A Securityholder may therefore recover less than the holders of unsubordinated or other subordinated liabilities of the Issuer.

Subject to applicable law, no Securityholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Securities and each Securityholder shall, by virtue of being a Securityholder, be deemed to have waived all such rights of set-off.

Securityholders are advised that unsubordinated liabilities of the Issuer may also arise out of obligations that are not reflected in the financial statements of the Issuer, including, without limitation, the issuance of guarantees on an unsubordinated basis. Claims made under such guarantees will become unsubordinated liabilities of the Issuer which, in a winding-up, insolvency, dissolution or liquidation of the Issuer, will need to be paid in full before the obligations under the Securities may be satisfied.

Although subordinated debt securities may pay a higher rate of interest than comparable debt securities which are not subordinated, there is a real risk that an investor in subordinated securities such as the Securities will lose all or some of his investment should the Issuer become insolvent.

***The Securities are perpetual securities; holders of the Securities may be required to bear the financial risks of an investment in the Securities for a long period***

The Securities are perpetual securities and have no fixed date for redemption, and unless previously redeemed or purchased and cancelled by the Issuer as provided below, the Securities will become due and payable and will be redeemed on the Liquidation Event Date, including in connection with any Insolvency Proceedings in accordance with (i) any applicable legal provision, or any decision of any judicial or administrative authority, or (ii) any resolution passed at a shareholders' meeting of the Issuer or (iii) any provision which is set out in the by-laws of the Issuer from time to time (including the maturity of the Issuer which, as of the date of this Offering Circular, is set in its by-laws at 31 December 2100). The Issuer is under no obligation to redeem or repurchase the Securities, although it may elect to do so in certain circumstances. Securityholders have no right to call for the redemption of the Securities and the Securities will only become due and payable on the Liquidation Event Date. Securityholders should therefore be aware that they may be required to bear the financial risks associated with an investment in long-term securities and that they may not recover their investment in the foreseeable future.

***Deferral of interest payments***

The Issuer may elect to defer in whole, but not in part, payment of interest in respect of the Securities in respect of any interest period by giving a Deferral Notice to the Securityholders. If the Issuer makes such an election, the Issuer shall have no obligation to make such payment and any such non-payment of interest will not constitute a default by the Issuer for any purpose. Any interest in respect of the Securities the payment of which is deferred will, so long as the same remains outstanding, constitute Arrears of Interest. Arrears of Interest will be payable as outlined in Condition 4 of Terms and Conditions of the Securities. No interest will accrue on any outstanding Arrears of Interest. While the deferral of payment of interest continues, the Issuer is not prohibited from making payments on any instrument ranking senior to the Securities and in such event, the Securityholders are not entitled to claim immediate payment of interest so deferred.

As a result, any deferral of interest payments, or perception that the Issuer will exercise its deferral right, will likely have an adverse effect on the market price of the Securities. In addition, as a result of the interest deferral provisions of the Securities, the market price of the Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the financial condition of the Issuer.

***Early redemption risk***

The Issuer may redeem all (but not some only) of the Securities on any Call Date at their principal amount together with accrued interest to, but excluding, the Reset Date and any outstanding Arrears of Interest.

The Issuer may also redeem all (but not some only) of the Securities at the applicable Early Redemption Price at any time following the occurrence of a Withholding Tax Event, a Tax Deductibility Event, a Rating Methodology Event or an Accounting Event, as outlined in Conditions 6.3, 6.4, 6.5 and 6.6 of the Terms and Conditions of the Securities. In addition, as outlined in Condition 6.7, in the event that at least 75 per cent. of the aggregate amount of the Securities issued on the Issue Date has been purchased by or on behalf of the Issuer or a Subsidiary and cancelled, the Issuer may redeem all (but

not some only) of the outstanding Securities at the applicable Early Redemption Price. The Early Redemption Price may be less than the then current market value of the Securities.

During any period when the Issuer may elect to redeem or is perceived to be able to redeem the Securities, the market value of such Securities generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem the Securities when its cost of borrowing for similar securities is lower than the interest rate on such Securities, or if it no longer requires the Securities as part of its capital structure. An investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Securities being redeemed and may only be able to reinvest the redemption proceeds at a significantly lower rate. Potential investors should consider their reinvestment risk in light of other investments available at that time.

***There is no limitation on the Issuer issuing senior or pari passu securities***

There is no restriction on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Securityholders on an insolvency of the Issuer and/or may increase the likelihood of a deferral of interest payments under the Securities.

***Resettable fixed rate securities carry a market risk***

A holder of fixed rate securities is particularly exposed to the risk that the price of such securities falls as a result of changes in market interest rates. While the interest rate of the Securities is fixed until the First Reset Date (with a reset of the initial fixed rate on every Reset Date as set out in the Conditions of the Securities), market interest rates typically change on a daily basis. As the market interest rate changes, the price of the Securities also changes, but in the opposite direction. If the market interest rate increases, the price of the Securities would typically fall. If the market interest rate falls, the price of the Securities would typically increase. Securityholders should be aware that movements in these market interest rates can adversely affect the price of the Securities and can lead to losses for the Securityholders if they sell the Securities.

***Interest rate reset may result in a decline of yield***

A holder of securities with a fixed interest rate that will be reset during the term of the securities (as will be the case for the Securities on each Reset Date if not previously redeemed) is exposed to the risk of fluctuating interest rate levels and uncertain interest income.

***After the First Reset Date, the interest rate in respect of the Securities will be reset periodically by reference to a mid-swap rate, which may be affected by changes in benchmark regulation***

After the First Reset Date in respect of the Securities, the interest rate will (if the Securities are not redeemed) be reset on the Reset Date by reference to a prevailing EUR 5 year Swap Rate plus (A) in respect of the Reset Period commencing on the First Reset Date to but excluding 10 March 2032, 2.679 per cent. per annum, (B) in respect of the Reset Periods commencing on 10 March 2032, 10 March 2037 and 10 March 2042, 2.929 per cent. per annum, and (C) in respect of any other Reset Period after 10 March 2047, 3.679 per cent. per annum.

The Conditions include fall-back provisions as set out in Condition 4.1(b) (*Interest and Interest Deferral – Determination of EUR 5 year Swap Rate*) of the Conditions which apply in the event the EUR 5 year Swap Rate does not appear on the EUR Reset Screen Page on the relevant Reset Interest Determination Date. Applying such fall-back provisions will result in the Securities performing

differently (which may include payment of a lower Prevailing Interest Rate) than they would if the EUR 5 year Swap Rate were available.

As at the time of pricing of the initial issue of the Securities, the current market practice is to derive the EUR 5 year Swap Rate in part from the Euro interbank offered rate (“**EURIBOR**”) calculated by the European Money Markets Institute (as administrator of EURIBOR). The EUR 5 year Swap Rate, EURIBOR and other interest rates or other types of rates and indices which are deemed to be “benchmarks” are the subject of ongoing national and international regulatory reform. Following the implementation of any such potential reforms, the manner of administration of benchmarks may change, with the result that they may perform differently than in the past, or benchmarks could be eliminated entirely, or there could be other consequences which cannot be predicted. Any such consequence could affect the manner in which interest determinations are required to be made pursuant to the Conditions, as set out in Condition 4.1(b) (*Interest and Interest Deferral – Determination of EUR 5 year Swap Rate*) of the Conditions, and have a material adverse effect on the value of and return on any the Securities.

Key international reforms of “benchmarks” include the International Organization of Securities Commission’s (“**IOSCO**”) proposed Principles for Financial Market Benchmarks (July 2013) (the “**IOSCO Benchmark Principles**”) and the EU’s Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as Benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (the “**Benchmarks Regulation**”).

The IOSCO Benchmark Principles aim to create an overarching framework of principles for benchmarks to be used in financial markets, specifically covering governance and accountability, as well as the quality and transparency of benchmark design and methodologies. A review published in February 2015 on the status of the voluntary market adoption of the IOSCO Benchmark Principles noted that, as the benchmarks industry is in a state of change, further steps may need to be taken by IOSCO in the future, but that it is too early to determine what those steps should be. The review noted that there has been a significant market reaction to the publication of the IOSCO Benchmark Principles, and widespread efforts being made to implement the IOSCO Benchmark Principles by the majority of administrators surveyed.

On 17 May 2016, the Council of the European Union adopted the Benchmarks Regulation. The Benchmarks Regulation was published in the Official Journal of the EU on 29 June 2016 and entered into force on 30 June 2016. Subject to various transitional provisions, the Benchmarks Regulation has applied since 1 January 2018, except that the regime for “critical benchmarks” has applied from 30 June 2016 and certain amendments to Regulation (EU) No 596/2014 (the “**Market Abuse Regulation**”) have applied from 3 July 2016. The Benchmarks Regulation applies to “contributors”, “administrators” and “users of” benchmarks in the EU, and, among other things, (i) requires Benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regulatory regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of “benchmarks” and (ii) bans the use of benchmarks of unauthorised administrators. The scope of the Benchmarks Regulation is wide and, in addition to so-called “critical benchmark” indices such as EURIBOR, could also potentially apply to many other interest rate indices, as well as equity, commodity and foreign exchange rate indices and other indices (including “proprietary” indices or strategies) which are referenced in listed financial instruments (including listed Securities), financial contracts and investment funds.

As at the date of this Offering Circular, each of the European Money Markets Institute and the ICE Benchmark Administration Limited appears on the register of administrators and benchmarks

established and maintained by the European Securities and Markets Authority (“ESMA”) pursuant to article 36 of the Benchmark Regulation.

It is not possible to predict with certainty whether, and to what extent a Benchmark will continue to be supported going forwards. This may cause certain Benchmarks to perform differently than they have done in the past, and may have other consequences which cannot be predicted. The reform of EURIBOR to adopt a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate), or the elimination of any other Benchmark, or changes in the manner of administration of any Benchmark, could require an adjustment to the conditions of the Securities or result in other consequences in respect of the Securities.

If a Benchmark Event (which, amongst other events, includes the permanent discontinuation of the EUR 5 year Swap Rate) occurs, the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser. The Independent Adviser shall act in good faith and in a commercially reasonable manner as an expert and in consultation with the Issuer and shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the EUR 5 year Swap Rate. The use of any such Successor Rate or Alternative Rate to determine the Prevailing Interest Rate will result in the Securities performing differently (which may include payment of a lower Prevailing Interest Rate) than they would do if the EUR 5 year Swap Rate were to continue to apply in its current form.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Conditions also provide that an Adjustment Spread shall be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate. The use of any Successor Rate or Alternative Rate (including with the application of the applicable Adjustment Spread) will still result in the Securities performing differently (which may include payment of a lower Prevailing Interest Rate) than they would if the EUR 5 year Swap Rate were to continue to apply in its current form.

Furthermore, if any Successor Rate or Alternative Rate and, in each case, the applicable Adjustment Spread is determined by the Independent Adviser, the Conditions provide that the Issuer shall vary the Conditions, if determined by the Independent Adviser, to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread, without any requirement for consent or approval of the Securityholders.

Accordingly, while any Adjustment Spread may be expected to be designed to eliminate or minimise any potential transfer of value between counterparties, the application of the Adjustment Spread to the Securities may not do so and may result in the Securities performing differently (which may include payment of a lower interest rate) than they would do if the EUR 5 year Swap Rate were to continue to apply in its current form.

***The Issuer may be unable to appoint an Independent Adviser or the Independent Adviser may not be able to determine a Successor Rate or Alternative Rate in accordance with the terms and conditions of the Securities***

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or the Independent Adviser is unable to determine a Successor Rate or Alternative Rate before the next Reset Interest Determination Date, the EUR 5 year Swap Rate for the next succeeding Reset Period will be the last available EUR 5 year mid swap rate for euro swap transactions, expressed as an annual rate, on the EUR Reset Screen Page.

Applying the last available EUR 5 year mid swap rate for euro swap transactions, expressed as an annual rate, on the EUR Reset Screen Page will result in the Securities performing differently (which

may include payment of a lower Prevailing Interest Rate) than they would do if the EUR 5 year Swap Rate were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

Where the Issuer has been unable to appoint an Independent Adviser or the Independent Adviser is unable to determine a Successor Rate or Alternative Rate in respect of any given Reset Interest Determination Date, it will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding Reset Interest Determination Date, and/or the Independent Adviser will continue to attempt to determine a Successor Rate or Alternative Rate to apply to the next succeeding and any subsequent Reset Periods, as necessary.

If the Issuer is unable to appoint an Independent Adviser or, the Independent Adviser fails to determine a Successor Rate or Alternative Rate for the life of the Securities, the initial Prevailing Interest Rate, or the last available EUR 5 year mid swap rate for euro swap transactions, expressed as an annual rate, on the EUR Reset Screen Page, will continue to apply to the date on which the Securities will become due and payable and will be redeemed in accordance with the Terms and Conditions. This will result in the Securities, in effect, becoming fixed rate securities.

Notwithstanding any of the provisions of Condition 4.4, no Benchmark Amendments will be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to cause a Rating Methodology Event. This will result in the Securities, in effect, becoming fixed rate securities.

***The Securities are subject to provisions relating to modification, waivers, substitution of the Issuer and modification or variation of the Securities***

The Trust Deed contains provisions for convening meetings of the Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Securityholders including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority.

The Trust Deed also provides that the Trustee may, without the consent of the Securityholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Securities, or (ii) the substitution of another company as principal debtor under the Securities in place of the Issuer, in the circumstances described in and subject to the provisions of Condition 13 of the Terms and Conditions of the Securities.

Furthermore, the Trust Deed also provides that the Trustee shall, subject to the fulfilment of certain requirements as set out in the Trust Deed, without the consent of the Securityholders, agree to the variation or the exchange of the Securities upon a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or Accounting Event.

There is a risk that, after the issue of the Securities, a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or Accounting Event may occur which would entitle the Issuer, without any requirement for the consent or approval of the Securityholders, to exchange or vary the Securities, subject to certain conditions intended to protect the interests of the Securityholders, so that after such exchange or variation the Securities remain or become, as the case may be, eligible for the same or (from the perspective of the Issuer) more favourable tax, accounting or ratings treatment than the treatment to which they were entitled prior to the relevant event occurring. Any such exchange or variation may have an adverse impact on the price of, and/or the market for, the Securities.

Whilst the Exchanged Securities or Varied Securities, as the case may be, are required to have terms which are not materially less favourable to the Securityholders (as a class) than the terms

of the Securities, there can be no assurance that the Exchanged Securities or Varied Securities, as the case may be, will not have a significant adverse impact on the price of, and/or market for, the Securities or the circumstances of individual Securityholders.

***There are no events of default.***

The Terms and Conditions of the Securities do not provide for events of default allowing acceleration of the Securities if certain events occur. Accordingly, if the Issuer fails to meet any obligations under the Securities, including the payment of any interest, investors will not have the right to require the early redemption of the Securities.

On the Liquidation Event Date, the Securities will become due and payable at an amount equal to their principal amount, together with any outstanding interest accrued up to (but excluding) the Liquidation Event Date and any outstanding Arrears of Interest. On or following the Liquidation Event Date, no payments will be made in relation to the Junior Securities of the Issuer before all amounts due, but unpaid, on the Securities have been paid by the Issuer.

In addition, in the event of a winding-up, insolvency, dissolution or liquidation of the Issuer, the claims of Securityholders will be subordinated as further described in Condition 3 of the Terms and Conditions of the Securities. Accordingly, the claims of holders of all obligations to which the Securities are subordinated will first have to be satisfied in any winding-up or analogous proceedings before the Securityholders may expect to obtain any recovery in respect of the Securities and prior thereto Securityholders will have only limited ability to influence the conduct of such winding-up or analogous proceedings.

**2. Risks relating to changes of law and the Italian insolvency law regime**

***Changes of law may affect the terms and conditions of the Securities***

The Trust Deed, the Securities and the related Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Securities and the Coupons are governed by, and shall be construed in accordance with, English law, except for the provisions of the Trust Deed concerning status and subordination of the Securities and the Coupons, which shall each be governed by Italian law. See Conditions 3.1 and 3.2 of the Terms and Conditions of the Securities. The provisions of the Trust Deed concerning the meeting of Securityholders and the appointment of a joint representative of Securityholders (*a rappresentante comune*) in respect of the Securities are subject to compliance with Italian law. See Condition 13.1 of the Terms and Conditions of the Securities. 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 Offering Circular.

***Change of law***

The Conditions of the Securities are based on English law in effect as at the date of this Offering Circular, save that provisions related to the subordination of the Securities, the convening of meetings of holders of the Securities and the appointment of a *rappresentante comune* in respect of the Securities are subject to compliance with mandatory provisions of Italian law. No assurance can be given as to the specific impact that any possible judicial decision or change to English law and/or Italian law (as the case may be) or administrative practice after the date of this Offering Circular may have on the Securities.

***Italian insolvency laws are applicable to the Issuer and may not be as favourable to holders of Securities as those of other jurisdictions with which investors may be more familiar***

Under Italian law, if certain requirements are met, the Issuer could become subject to certain insolvency proceedings, as described in the section “Overview of the Italian Insolvency Law Regime” of this Offering Circular. The Italian insolvency laws may not be as favourable to Securityholders’ interests as creditors as the laws of other jurisdictions with which the Securityholders may be familiar.

For instance, if the Issuer becomes subject to certain bankruptcy proceedings, payments made by the Issuer in favour of the Securityholders or the Trustee on their behalf prior to the commencement of the relevant proceeding may be liable to claw-back by the relevant trustee.

Furthermore, under Italian law, Securityholders would not have a right as a class to appoint a representative to a creditors’ committee. Consequently, Securityholders should be aware that they will generally have limited ability to influence the outcome of any insolvency proceedings which may apply to the Issuer under Italian law, especially in light of the current capital structure of the Issuer.

**3. Risks relating to the credit rating of the Securities**

***Credit Rating***

On or around the Issue Date, the Securities are expected to be assigned a rating of Ba1 by Moody’s, BBB- by S&P and BBB by Fitch. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Securities.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation. S&P, Moody’s and Fitch appear on the latest update of the list of registered credit rating agencies on the ESMA website <http://www.esma.europa.eu>.

**4. Risks relating to the trading market for the Securities**

***There is no active trading market for the Securities, and if a market does develop, it may be volatile***

Although application has been made to admit the Securities to trading on Euronext Dublin, the Securities will have no secondary market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been prepared to meet the investment requirements of limited categories of investors. These types of securities generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of the Securities.

***Delisting of the Securities***



Application may be made for the Securities to be listed on the official list of Euronext Dublin and admitted to trading on the regulated market of Euronext Dublin. If the listing of the Securities on such market becomes unduly burdensome, the Securities 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 Securities as a result of listing, any delisting of the Securities may have a material effect on a Securityholder's ability to resell the Securities on the secondary market.

## 5. Risks relating to taxation and accounting treatment of the Securities

### ***Taxation***

The tax regime in Italy and in any other relevant jurisdiction (including, without limitation, the jurisdiction in which each Securityholder is resident for tax purposes) may be relevant to the acquiring, holding and disposing of the Securities and the receiving of payments of interest, principal and/or other income under the Securities. Prospective investors in the Securities should consult their own tax advisers as to which countries' tax laws could be relevant and the consequences of such actions under the tax laws of those countries.

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

All payments in respect of the Securities 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 Securityholders receiving such amounts as they would have received in respect of such Securities had no such withholding or deduction been required. The Issuer's obligation to gross up is, however, subject to a number of exceptions, including withholding or deduction of *imposta sostitutiva* (Italian substitute tax), pursuant to Italian Legislative Decree No. 239 of 1 April 1996 a brief description of which is set out below.

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

### ***Imposta sostitutiva***

*Imposta sostitutiva* (Italian substitute tax) is applied to payments of interest and other income (including the difference between the redemption amount and the issue price) at a rate of 26 per cent. to (i) certain Italian resident Securityholders and (ii) non-Italian resident Securityholders who have not filed in due time with the relevant depository a declaration (*autocertificazione*) stating, inter alia, that he or she is resident for tax purposes in a country which allows for an adequate exchange of information with the Italian tax authorities.

### ***The current IFRS accounting classification of financial instruments such as the Securities as equity instruments may change, which may result in the occurrence of an Accounting Event.***

In June 2018, the IASB (International Accounting Standards Board) published the discussion paper DP/2018/1 on "Financial Instruments with Characteristics of Equity" (the "**DP/2018/1 Paper**") and a public meeting was recently held on this matter. If the proposals set out in the DP/2018/1 Paper are implemented in their current form, the current IFRS accounting classification of financial instruments such as the Securities as equity instruments may change and this may result in the occurrence of an "Accounting Event" (as described in the Terms and Conditions of the Securities). In such an event, the Issuer may have the option to redeem, in whole but not in part, the Securities pursuant to the Terms

and Conditions of the Securities. The implementation of any of the proposals set out in the DP/2018/1 Paper or any other similar such proposals that may be made in the future, including the extent and timing of any such implementation, if at all, is still uncertain.

During the 23 October 2019 meeting of the IASB, the potential scope and indicative timetable of the project plan regarding the DP/2018/1 Paper were discussed but no decisions were made. Accordingly, no assurance can be given as to the future classification of the Securities from an accounting perspective or whether any such change may result in the occurrence of an Accounting Event, thereby providing the Issuer with the option to redeem the Securities pursuant to the Terms and Conditions of the Securities. The occurrence of an Accounting Event may result in Securityholders receiving a lower than expected yield.

The redemption of the Securities by the Issuer or the perception that the Issuer will exercise its optional redemption right might negatively affect the market value of the Securities. During any period when the Issuer may elect to redeem the Securities, the market value of the Securities generally will not rise substantially above the price at which they can be redeemed.

## INCORPORATION BY REFERENCE

The following documents, which have previously been published and have been filed with the Central Bank, shall be incorporated in and form part of this Offering Circular:

- (a) the English translation of ENEL's annual financial report 2019 as of and for the year ended 31 December 2019, and the English translations of the auditor's reports thereon which can be found on ENEL's website at [https://www.enel.com/content/dam/enel-com/documenti/investitori/informazioni-finanziarie/2019/annuali/en/annual-report\\_2019.pdf](https://www.enel.com/content/dam/enel-com/documenti/investitori/informazioni-finanziarie/2019/annuali/en/annual-report_2019.pdf) (the "**2019 Audited Consolidated Financial Statements**");
- (b) the English translation of ENEL's annual financial report 2018 which includes the audited consolidated financial statements of ENEL and related notes thereto as of and for the year ended 31 December 2018, and the English translation of the auditor's reports thereon (the "**2018 Audited Consolidated Financial Statements**" and, together with the 2019 Audited Financial Statements, the "**Audited Consolidated Financial Statements**"), which can be found on ENEL's website at: [https://www.enel.com/content/dam/enel-com/documenti/investitori/informazioni-finanziarie/2018/annuali/en/annual-report\\_2018.pdf](https://www.enel.com/content/dam/enel-com/documenti/investitori/informazioni-finanziarie/2018/annuali/en/annual-report_2018.pdf);
- (c) the English translation of the half-year financial report at 30 June 2020 of ENEL and related notes thereto ("**2020 Half Year Financial Report**") which includes the independent auditors' review report on the condensed interim consolidated interim financial statements of ENEL as at and for the six month period ended 30 June 2020 ("**2020 Review Report**"), which can be found on ENEL's website at: [https://www.enel.com/content/dam/enel-com/documenti/investitori/informazioni-finanziarie/2020/interim/en/half-year-financial-report\\_30june2020.pdf](https://www.enel.com/content/dam/enel-com/documenti/investitori/informazioni-finanziarie/2020/interim/en/half-year-financial-report_30june2020.pdf);
- (d) the section headed "Description of ENEL" contained in the €35,000,000,000 Euro Medium Term Note Programme Base Prospectus dated 9 January 2020 (the "**EMTN Base Prospectus**"), which can be found on ENEL's website at [https://www.enel.com/content/dam/enel-com/documenti/investitori/investire-in-enel/programmi-principali/medium-term-notes/base-prospectus\\_9jan2020.pdf](https://www.enel.com/content/dam/enel-com/documenti/investitori/investire-in-enel/programmi-principali/medium-term-notes/base-prospectus_9jan2020.pdf);
- (e) the Supplement to the EMTN Base Prospectus dated 28 August 2020 (the "**First EMTN Supplement**"), which can be found on ENEL's website at [https://www.enel.com/content/dam/enel-com/documenti/investitori/investire-in-enel/programmi-principali/medium-term-notes/supplement-no-1-to-the-base-prospectus\\_2020.pdf](https://www.enel.com/content/dam/enel-com/documenti/investitori/investire-in-enel/programmi-principali/medium-term-notes/supplement-no-1-to-the-base-prospectus_2020.pdf);
- (f) the English translation of the press release dated 16 January 2020 and headed "*Enel: Board member Pera appointed to the Chair of the Nomination and Compensation Committee*" available on ENEL's website at <https://www.enel.com/media/explore/search-press-releases/press/2020/01/enel-board-member-pera-appointed-to-the-chair-of-the-nomination-and-compensation-committee->;
- (g) the English translation of the press release dated 21 January 2020 and headed "*Registration of the deed of partial demerger of Enel Green Power S.p.A., related to North American activities, to Enel S.p.A.*" available on ENEL's website at <https://www.enel.com/media/explore/search-press-releases/press/2020/01/registration-of-the-deed-of-partial-demerger-of-enel-green-power-spa-related-to-north-american-activities-to-enel-spa>;
- (h) the English translation of the press release dated 3 April 2020 and headed "*Enel to increase its stake in Enel Americas up to 65%*" available on ENEL's website at <https://www.enel.com/media/explore/search-press-releases/press/2020/04/enel-to-increase-its-stake-in-enel-americas-up-to-65>;
- (i) the English translation of the press release dated 14 April 2020 and headed "*Enel publishes 2019 annual financial report together with the remaining documentation on Shareholders' Meeting*" available on

ENEL's website at <https://www.enel.com/media/explore/search-press-releases/press/2020/04/enel-publishes-2019-annual-financial-report-together-with-the-remaining-documentation-on-shareholders-meeting>;

- (j) the English translation of the press release dated 28 May 2020 and headed "*Enel Group accelerates closure of its last coal-fired plant in Chile*" available on ENEL's website at <https://www.enel.com/media/explore/search-press-releases/press/2020/05/enel-group-accelerates-closure-of-its-last-coal-fired-plant-in-chile>;
- (k) the English translation of the press release dated 28 May 2020 and headed "*Enel reaches 62.3% of Enel Americas' share capital*" available on ENEL's website at <https://www.enel.com/media/explore/search-press-releases/press/2020/05/enel-reaches-623-of-enel-americas-share-capital>;
- (l) the English translation of the press release dated 10 June 2020 and headed "*Enel Board of Directors authorizes issue of hybrid bonds up to a maximum of 1.5 billion euros*" available on ENEL's website at <https://www.enel.com/media/explore/search-press-releases/press/2020/06/enel-board-of-directors-authorizes-issue-of-hybrid-bonds-up-to-a-maximum-of-15-billion-euros>;
- (m) the English translation of the press release dated 10 June 2020 and headed "*Enel Board of Directors appoints Committees*" available on ENEL's website at <https://www.enel.com/media/explore/search-press-releases/press/2020/06/enel-board-of-directors-appoints-committees>;
- (n) the English translation of the press release dated 16 June 2020 and headed "*Enel: comment on media reports*" available on ENEL's website at <https://www.enel.com/media/explore/search-press-releases/press/2020/06/enel-comment-on-media-reports>;
- (o) the English translation of the press release dated 7 July 2020 and headed "Enel reaches 64.9% of Enel Chile's share capital" available on ENEL's website at <https://www.enel.com/media/explore/search-press-releases/press/2020/07/enel-reaches-649-of-enel-chiles-share-capital>;
- (p) the English translation of the press release dated 29 July 2020 and headed "Enel announces changes in top management" available on ENEL's website at <https://www.enel.com/media/explore/search-press-releases/press/2020/07/enel-announces-changes-in-top-management>;
- (q) the English translation of the press release dated 1 September 2020 and headed "Enel refinances outstanding hybrid bonds" available on ENEL's website at <https://www.enel.com/media/explore/search-press-releases/press/2020/09/enel-refinances-outstanding-hybrid-bonds>.

each to the extent specified in the cross-reference list below and save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

Any documents which are themselves incorporated by reference in the documents incorporated by reference in this Offering Circular, shall not form part of this Offering Circular (unless they are being separately incorporated by reference in this Offering Circular under this section).

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered office of the Issuer.

The Audited Consolidated Financial Statements, the 2020 Half Year Financial Report, the notice and press releases listed above, the EMTN Base Prospectus and the First EMTN Supplement are incorporated herein by

reference, and the following cross reference lists are provided to enable investors to identify specific items of information so incorporated. Any information contained in any of the documents specified above, including any documents incorporated by reference therein, which is not incorporated by reference in this Offering Circular is either not relevant to investors or is covered elsewhere in this Offering Circular:

<b>Document</b>	<b>Information incorporated</b>	<b>Location</b>
Audited consolidated financial statements of ENEL and related notes thereto as of and for the year ended 31 December 2019	Financial information concerning ENEL Group’s assets and liabilities, financial position and profits and losses, significant events and summary of the regulatory framework in which ENEL Group operates:	
	Significant events in 2019	pp. 145-148
	“Regulatory and rate issues”	pp. 149-157
	Consolidated Financial Statement	pp. 166
	Statement of Consolidated Comprehensive Income	pp. 167
	Consolidated Balance Sheet	pp. 168-169
	Statement of Changes in Consolidated Shareholders’ Equity	pp. 170-171
	Consolidated Statement of Cash Flows	pp. 172
	Notes to the Financial Statements	pp. 173-331
	Reports of the Independent Auditors	350-357
Audited consolidated financial statements of ENEL and related notes thereto as of and for the year ended 31 December 2018, and the auditor’s reports thereon	Financial information concerning ENEL Group’s assets and liabilities, financial position and profits and losses, significant events and summary of the regulatory framework in which ENEL Group operates:	
	Significant events in 2017	pp. 72-86
	Sub-section “Regulatory and rate issues” of section “Reference scenario”	pp. 99-133
	Consolidated Income Statement	p. 175
	Statement of consolidated comprehensive income	p. 176
	Consolidated Balance Sheet	pp. 177-178
	Statement of changes in consolidated shareholders’ equity	p. 179
	Consolidated Statement of Cash Flows	p. 180

<b>Document</b>	<b>Information incorporated</b>	<b>Location</b>
	Notes to the Consolidated Financial Statements	pp. 181-362
	Reports of the Independent Auditors	pp. 464-481
ENEL's unaudited condensed interim consolidated financial statements for the six month period ended 30 June 2020	Financial information concerning ENEL Group's assets and liabilities, financial position and profits and losses, significant events and summary of the regulatory framework in which ENEL Group operates:	
	Significant events in the 1st Half of 2020	pp. 29-34
	"Regulatory and rate issues"	pp. 93-105
	Consolidated Income Statement	pp. 110
	Statement of Consolidated Comprehensive Income	pp. 111
	Consolidated Balance Sheet	pp. 112-113
	Statement of Changes in Consolidated Shareholders' Equity	pp. 114-115
	Consolidated Statement of Cash Flows	pp. 116
	Explanatory Notes	pp. 117 - 125
Independent auditors' review report on the ENEL's unaudited condensed interim consolidated financial statements for the six month period ended 30 June 2020	Review report of the Independent Auditors	pp. 169-170
EMTN Base Prospectus	Description of ENEL, except from the tenth sub-paragraph to the fourteenth sub-paragraph of paragraph headed "Overview" at pages 113 and 114 of the EMTN Base Prospectus	pp. 112 – 192 of the EMTN Base Prospectus
First EMTN Supplement	Entire document, except: i) the incorporation by reference in the First EMTN Supplement of the independent auditors' report and audited financial statements of ENEL Finance International N.V. for the financial year ended 31 December 2019 (" <b>ENEL N.V.'s 2019 Audited Financial Statements</b> "), ii) the cross-reference list relating to ENEL N.V.'s 2019 Audited Financial Statements iii) the updates of the first	pp. 1-26

<b>Document</b>	<b>Information incorporated</b>	<b>Location</b>
	paragraph of the section headed “Description of ENEL” and iv) the updates of the paragraphs headed “No significant or material adverse changes” and “Litigation” in the section “General Information”.	
Press release dated 16 January 2020 and headed “ <i>Enel: Board member Pera appointed to the Chair of the Nomination and Compensation Committee</i> ”	Entire Document	All
Press release dated 21 January 2020 and headed “ <i>Registration of the deed of partial demerger of Enel Green Power S.p.A., related to North American activities, to Enel S.p.A.</i> ”	Entire Document	All
Press release dated 3 April 2020 and headed “ <i>Enel to increase its stake in Enel Americas up to 65%</i> ”	Entire Document	All
Press release dated 14 April 2020 and headed “ <i>Enel publishes 2019 annual financial report together with the remaining documentation on Shareholders’ Meeting</i> ”	Entire Document	All
Press release dated 28 May 2020 and headed “ <i>Enel Group accelerates closure of its last coal-fired plant in Chile</i> ”	Entire Document	All
Press release dated 28 May 2020 and headed “ <i>Enel reaches 62.3% of Enel Americas’ share capital</i> ”	Entire Document	All
Press release dated 10 June 2020 and headed “ <i>Enel Board of Directors authorizes issue of hybrid bonds up to a maximum of 1.5 billion euros</i> ”	Entire Document	All
Press release dated 10 June 2020 and headed “ <i>Enel Board of Directors appoints Committees</i> ”	Entire Document	All
Press release dated 16 June 2020 and headed “ <i>Enel: comment on media reports</i> ”	Entire Document	All

<b>Document</b>	<b>Information incorporated</b>	<b>Location</b>
Press release dated 7 July 2020 and headed “ <i>Enel reaches 64.9% of Enel Chile’s share capital</i> ”	Entire Document	All
Press release dated 29 July 2020 and headed “ <i>Enel announces changes in top management</i> ”	Entire Document	All
Press release dated 1 September 2020 and headed “ <i>Enel refinances outstanding hybrid bonds</i> ”	Entire Document	All



## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Group's financial information as of and for the six-months period ended 30 June 2020 has been derived from the 2020 Half Year Financial Report. The 2020 Half Year Financial Report was approved by the board of directors of ENEL on 29 July 2020. The information contained in the 2020 Half Year Financial Report are not necessarily indicative of the results of operations that may be expected for any other interim period in 2020 or for the full year.

The 2020 Half-Year Financial Report of the Group at and for the six months ended at 30 June 2020 has been prepared pursuant to Article 154-*ter* of Legislative Decree 58 of February 24, 1998 as amended by Legislative Decree 195 of November 6, 2007 and Article 81 of the Issuers Regulation as amended.

The condensed interim consolidated financial statements for the six months ended at 30 June 2020 included in the 2020 Half-Year Financial Report have been prepared in compliance with the international accounting standards (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS) issued by the International Accounting Standards Board (IASB) as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), recognized by the European Union pursuant to Regulation (EC) no. 1606/2002 and in effect at the same date. More specifically, the financial statements have been drafted in compliance with "IAS 34 – Interim financial reporting" and consist of the consolidated income statement, the statement of consolidated comprehensive income, the consolidated balance. The 2020 Half Year Financial Report was subject to limited review made by KPMG S.p.A..

The Group's financial information as of and for the years ended 31 December 2019 and 2018 has been derived from the 2019 Audited Consolidated Financial Statements and the 2018 Audited Consolidated Financial Statements, respectively. The 2019 Audited Consolidated Financial Statements and the 2018 Audited Consolidated Financial Statements (together, the "Audited Consolidated Financial Statements") were approved by the board of directors of ENEL on 19 March 2020 and 21 March 2019, respectively.

The Audited Consolidated Financial Statements were prepared in accordance with IFRS as issued by the International Accounting Standards Board and endorsed by the European Union and the Italian regulation implementing Article 9 of Legislative Decree No. 38/05. The Audited Consolidated Financial Statements have been audited by EY S.p.A. ("EY"); a convenience translation into English of their reports thereon, dated 8 April 2020 and 17 April 2019, respectively, are incorporated by reference in this Offering Circular. A translation into English of the Audited Consolidated Financial Statements and the accompanying notes thereto are incorporated by reference to this Offering Circular.

The Group recently reorganized its reporting segments starting from the presentation of its financial information as of and for the nine months ended 30 September 2019. As a result of that, the 2019 Audited Consolidated Financial Statements, incorporated by reference herein, present information based on different reportable segments compared to the 2018 Audited Consolidated Financial Statements.

In view of these changes, the Segment Information for 2018, including the 2018 Financial Results by Segment and the Financial Position by Segment at 31 December 2018, presented as comparatives in the 2019 Audited Consolidated Financial Statements have been restated to ensure full comparability.

The 2019 Audited Consolidated Financial Statements provide in notes 5 and 7 additional information with respect to this change.

In addition to the above, as a result of the interpretation of the International Financial Reporting Interpretations Committee (IFRIC) contained in the Agenda Decision of March 2019, which involved changes in the classification, with no impact on margins, of the effects of purchase and sales contracts for commodities

measured at fair value through profit or loss, certain items of the 2018 income statement have been represented to ensure comparability.

The 2019 Audited Consolidated Financial Statements provide in note 4.3 additional information with respect to this change.

Capitalised terms used in the following discussion are defined under “— Certain defined terms” below.

In making an investment decision, investors must rely upon their own examination of the financial statements and financial information included in the Offering Circular and should consult their professional advisors for an understanding of, among other things: (i) the differences between IFRS and other systems of generally accepted accounting principles, including U.S. GAAP, and how those differences might affect the financial information included in this Offering Circular; and (ii) the impact that future additions to, or amendments of, IFRS principles may have on the Group’s results of operations and/or financial condition, as well as on the comparability of prior periods.

### **Alternative Performance Measures**

This Offering Circular (including the documents incorporated by reference herein) contains certain alternative performance measures (“APMs”) which are different from the IFRS financial indicators obtained directly from the audited consolidated financial statements for the years ended 31 December 2019 and 2018 and which are useful to present the results and the financial performance of the ENEL Group.

On 3 December 2015, CONSOB issued Communication No. 92543/15, which gives effect to the Guidelines issued on 3 October 2015 by the European Securities and Markets Authority (ESMA) concerning the presentation of APMs disclosed in regulated information and prospectuses published as from 3 July 2016. These Guidelines, which update the previous CESR Recommendation (CESR/05-178b), are aimed at promoting the usefulness and transparency of APMs in order to improve their comparability, reliability and comprehensibility.

In line with the Guidelines mentioned above, the criteria used to construct the APMs are as follows:

- Gross operating margin (otherwise referred to as EBITDA): an operating performance indicator, calculated as “Operating income” plus “Depreciation, amortisation and impairment losses”;
- Net non-current assets: calculated as the difference between “Non-current assets” and “Non-current liabilities” with the exception of:
  - “Deferred tax assets”;
  - “Securities” and “Other financial receivables” included in “Other non-current financial assets”;
  - “Long-term borrowings”;
  - “Employee benefits”;
  - “Provisions for risks and charges (non-current portion)”;
  - “Deferred tax liabilities”;
- Net current assets: calculated as the difference between “Current assets” and “Current liabilities” with the exception of:
  - “Current portion of Long-term financial receivables”, “Factoring receivables”, “Securities”, “Cash collateral” and “Other financial receivables” included in “Other current financial assets”;
  - “Cash and cash equivalents”;

- “Short-term borrowings” and the “Current portion of long-term borrowings”;
- “Provisions for risks and charges” (current portion); and
- “Other financial payables” included in “Other current liabilities”;
- Net assets held for sale: calculated as the algebraic sum of “Assets classified as held for sale” and “Liabilities classified as held for sale”;
- Net capital employed: calculated as the algebraic sum of “Net non-current assets” and “Net current assets”, “Provisions for risks and charges” (current and non-Current portion), “Employee benefit”, “Deferred tax liabilities” and “Deferred tax assets”, as well as “Net assets held for sale”;
- Net financial debt: a financial structure indicator, determined by:
  - “Long-term borrowings” and “Short-term borrowings and the current portion of long-term borrowings”, taking account of “Short-term financial payables” included in “Other current liabilities”;
  - net of “Cash and cash equivalents;”
  - net of the “Current portion of long-term financial receivables”, “Factoring receivables”, “Cash collateral” and “Other financial receivables” included in “Other current financial assets”; and
  - net of “Securities and “Other financial receivables” included in “Other non-current financial assets”.
- Capital expenditure: capital expenditure represents the increases in the line items Property, Plant and Equipment and Intangible Assets resulting from new investments of the period. The amount is calculated as the sum of the line Capital Expenditure of the tables of breakdown of Property, Plant and Equipment and Intangible Assets included in the financial statements;
- Gross capital employed: calculated as the sum of “Net non-current assets” and “Net current assets”;
- Net long-term debt: a financial structure indicator, determined by “Long-term borrowings” net of “Securities” and “Other financial receivables”, all included in “Other non-current financial assets”; and
- Net short-term financial debt: a financial structure indicator, determined by: “Short-term borrowings and the current portion of long-term borrowings”, comprising also the “Other current financial payables” included in “Other current financial liabilities”; net of “Cash and cash equivalents” comprising also “Short-term securities”, “Current portion of long-term financial receivables”, “Financial receivables - cash collateral” and “Other short-term financial receivables” included in “Other current financial assets”.

More generally, references to “Net Financial Debt” are to the ENEL Group’s net financial debt, as ascertained pursuant to paragraph 127 of the ESMA/2013/319 Recommendation and in accordance with the CONSOB instruction of 28 July 2006, netted for financial receivables and long-term securities.

Investors should not place undue reliance on these APMs and should not consider any APMs as: (i) an alternative to operating income or net income as determined in accordance with IFRS; (ii) an alternative to cash flow from operating, investing or financing activities (as determined in accordance with IFRS) as a measure of the ENEL Group’s ability to meet cash needs; or (iii) an alternative to any other measure of performance under IFRS.

Except for those reported in the section “Selected Financial Data” of this Offering Circular and in the documents incorporated by reference herein, such APMs have been derived from historical financial information of the

Group and are not intended to provide an indication on the future financial performance, financial position or cash flows of the Group itself. It should be noted that:

- i. the APMs are based exclusively on Group historical data and are not indicative of future performance;
- ii. the APMs are not derived from IFRS, they are derived from the consolidated financial statements of the Group prepared in conformity with these principles, and they are not subject to audit;
- iii. the APMs are non-IFRS financial measures and are not recognised as a measure of performance or liquidity under IFRS and should not be recognised as alternative to performance measures derived in accordance with IFRS or any other generally accepted accounting principles;
- iv. the APMs should be read together with financial information for the Group taken from the consolidated financial statements of the Issuer;
- v. as the APMs are non-IFRS measures, the definitions of APMs used by the Group may differ from, and therefore not be comparable to, those used by other companies/groups; and
- vi. the APMs and definitions used herein are consistent and standardised for all the period for which financial information in this Offering Circular and in the documents incorporated by reference herein are included.

These measures are used by ENEL's management to monitor the performance of the ENEL Group.

More specifically, ENEL's management believes that:

- Net Financial Debt provides prospective investors with adequate information to evaluate the overall level of the Group's indebtedness;
- EBITDA provides prospective investors with adequate information to evaluate the Group's operating performance and its ability to repay its borrowings through its operating cash flows.

### **Market information**

This Offering Circular contains statements related to, among other things, the following: (i) the size of the sectors and markets in which the Group operates; (ii) growth trends in the sectors and markets in which ENEL operates; and (iii) ENEL's relative competitive position in the sectors and markets in which it operates and the position of its competitors in those same sectors and markets.

Whether or not this is stated, where such information is presented, such information is based on third-party studies and surveys as well as ENEL's experience, market knowledge, accumulated data and investigation of market conditions. While ENEL believes such information to be reliable and believes any estimates contained in such information to be reasonable, there can be no assurance that such information or any of the assumptions underlying such estimates are accurate or correct, and none of the internal surveys or information on which ENEL has relied have been verified by any independent sources. Accordingly, undue reliance should not be placed on such information. In addition, information regarding the sectors and markets in which ENEL operates is normally not available for certain periods and, accordingly, such information may not be current as of the date of this Offering Circular.

### **Certain defined terms**

In this Offering Circular:

- References to "ENEL", the "Issuer" or the "Parent" are to ENEL S.p.A., unless the context requires otherwise.

- References to “Euro” or “€” are to the currency of the member states of the European Union participating in the third stage of the Economic and Monetary Union.
- References to “\$”, “U.S. \$” or “U.S. dollar” refer to United States dollars.
- References to “IFRS” are to the International Financial Reporting Standards issued by the International Accounting Standards Board, including interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously referred to as the “Standing Interpretations Committee” (SIC), and, including also, International Accounting Standards (IAS) where the context requires, as endorsed by the European Commission for use in the European Union. IFRS as endorsed by the European Commission for use in the European Union differ in certain aspects from IFRS issued by the International Accounting Standards Board.
- References to the “Consolidated Financial Act” are to Legislative Decree No. 58 of 24 February 1998, “*Testo unico delle disposizioni in materia di intermediazione finanziaria,*” as amended.

### **Rounding**

Certain numerical figures set out in this Offering Circular, including financial data presented in millions or thousands and certain percentages, have been subject to rounding adjustments and, as a result, the totals of the data in columns or rows of tables in this Offering Circular may vary slightly from the actual arithmetic totals of such information.

### **Forward-Looking Statements**

This Offering Circular contains forward-looking statements, including (without limitation) statements containing the words “anticipates”, “believes”, “estimates”, “expects”, “intends”, “may”, “plans”, “projects”, “will”, “would” and similar words. These statements are based on ENEL’s current expectations and projections about future events and involve substantial uncertainties. All statements, other than statements of historical facts, contained herein regarding ENEL’s strategy, goals, plans, future financial position, projected revenues and costs or prospects are forward-looking statements. Forward-looking statements are subject to inherent risks and uncertainties, some of which cannot be predicted or quantified. Future events or actual results could differ materially from those set forth in, contemplated by or underlying forward-looking statements. ENEL does not undertake any obligation to publicly update or revise any forward-looking statements.

Furthermore, this Offering Circular contains certain statements and estimates regarding the competitive position in certain markets of Enel and its subsidiaries (collectively, the “Group”), including with respect to the Group’s pre-eminence in particular markets. Such statements are based on the best information available to the Group’s management as of the date hereof. However, the Group faces competitive risks and its market positions may diverge from those expressed herein as a result of a variety of factors. Any failure of the Group to execute upon its plans or maintain its market positions could have a material adverse effect upon the Group, its business prospects, its financial condition and its results of operations. See “Presentation of Financial and Other Information — Market information”.

Enel may not actually achieve or realise the plans, intentions or expectations disclosed in its forward-looking statements and prospective investors should not place undue reliance on them. There can be no assurance that actual results of the Issuer’s activities and operations will not differ materially from the expectations set forth in such forward-looking statements. Factors that could cause actual results to differ from such expectations include, but are not limited to, those described under “Risk Factors”.

## **USE AND ESTIMATED AMOUNT OF PROCEEDS**

The estimated net proceeds of the issuance of the Securities, after deduction of commissions, fees, and estimated expenses (expected to amount to €91,672,000.00), will be used by the Issuer (i) for general corporate purposes and (ii) to pay repurchase costs in connection with the Tender Offer (as defined below). See “Capitalisation” and “Description of the Issuer – Recent Significant Transactions and Developments – Tender Offer”.

## CAPITALISATION

The following table sets forth the Group's capitalisation as of 30 June 2020 on (a) an actual basis; and (b) an adjusted basis to give effect to the issuance of the Securities and the expected use of proceeds therefrom.

Prospective investors should read this table in conjunction with the sections entitled "Risk Factors", "Use of Proceeds", "Overview – Summary Financial Information" and "Presentation of Financial and Other Information", as well as the 2020 Half Year Financial Report, the Audited Consolidated Financial Statements and accompanying notes thereto incorporated by reference in this Offering Circular.

	<b>As of 30 June 2020</b>	<b>Adjustm ents</b>	<b>As of 30 June 2020 (as adjusted)</b>
	<i>(€ million)</i>		
<b>Cash and Cash Equivalents</b> .....	5,840	281	6,121
<b>Financial Indebtedness:</b>			
Total current financial debt (including current portion of long term debt) .....	9,961	(18)	9,943
Long term borrowings (excluding current portion of long term debt) .....	53,623	(276)	53,347
Securities offered hereby .....	-	-	-
<b>Total Financial Indebtedness</b> .....	63,584	(294)	63,290
<b>Shareholders' Equity:</b>			
Share capital .....	10,167	-	10,167
Share Premium Reserve .....	7,487	-	7,487
Legal reserve .....	2,034	-	2,034
Other reserves <sup>1</sup> .....	(9,772)	-	(9,772)
Retained earnings .....	17,317	-	17,317
Equity instruments .....	-	592	592
Net income .....	1,947	(17)	1,930
Equity attributable to shareholders of the Parent Company .....	29,180	575	29,755
Non-controlling interests .....	14,188	-	14,188
<b>Total Shareholders' Equity</b> .....	43,368	575	43,943
<b>TOTAL CAPITALISATION</b> .....	106,952	281	107,233

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<sup>1</sup> It includes all equity reserves attributable to shareholders of the Parent Company other than what have explicitly and separately been reported.

## SELECTED FINANCIAL DATA

The following selected financial data should be read in conjunction with and is qualified in its entirety by reference to the Audited Consolidated Financial Statements and accompanying notes thereto and the unaudited interim consolidated financial statements of ENEL as at and for the six month period ended 30 June 2020 included in this Offering Circular. See also “Presentation of Financial and Other Information,” “Risk Factors” and “Capitalisation.”

The following summary financial data in respect of the financial years ended 31 December 2018 and 2019 and for the six-month periods ended 30 June 2019 and 2020 has been extracted from the ENEL Group’s audited consolidated financial statements as of 31 December 2018 and 2019 and for the years then ended and from the unaudited condensed interim consolidated financial statements as of 30 June 2019 and 30 June 2020, respectively.

Interim results for the first six months of 2020 are not necessarily indicative of the results of operations that may be expected for any other interim period in 2020 or for the full year.

The Group’s financial information as of and for the years ended 31 December 2019 and 2018, included in the following tables, has been derived from the Audited Consolidated Financial Statements.

### Income statement data

The following table sets forth the Group’s summary consolidated income statement data for the years ended 31 December 2019 and 2018 and for the six months periods ended on 30 June 2020 and 30 June 2019.

	Year ended at 31 December		Six month period ended 30 June	
	2019	2018	2020	2019
	(€'000 m)			
Revenues <sup>(1)</sup> .....	80,327	75,575	33,375	40,976
Costs <sup>(1)</sup> .....	72,716	(66,207)	(28,231)	(35,566)
Net income/charges from commodity risk management <sup>(1)</sup> .....	(733)	532	(601)	(188)
<b>Operating income</b> .....	<b>6,878</b>	<b>9,900</b>	4,543	5,213
Financial income from derivatives .....	1,484	1,993	937	595
Other financial income .....	1,637	1,715	928	847
Financial expense from derivatives .....	(1,142)	(1,532)	(759)	(665)
Other financial expense .....	(4,518)	(4,392)	(2,255)	(2,103)
Net income/(expense) from hyperinflation ..	95	168	30	85
Share of income/(expense) from equity investments accounted for using the equity method .....	(122)	349	13	(85)
<b>Income before taxes</b> .....	<b>4,312</b>	<b>8,201</b>	<b>3,437</b>	<b>3,887</b>
Income taxes .....	(836)	(1,851)	(1,034)	(994)



	Year ended at 31 December		Six month period ended 30 June	
	2019	2018	2020	2019
	(€'000 m)			
<b>Income from continuing operations .....</b>	<b>3,476</b>	<b>6,350</b>	<b>2,403</b>	<b>2,893</b>
Net income for the year/period (shareholders of the Parent Company and non-controlling interests) .....	3,476	6,350	2,403	2,893
Attributable to the shareholders of the Parent Company .....	2,174	4,789	1,947	2,215
Non-controlling interests .....	1,302	1,561	456	678
Earnings per share (Euro) .....	0.21	0.47	0.19	0.22

(1) The 2018 and 2019 half year figures have been represented to take account of the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) contained in the Agenda Decision of March 2019, which involved changes in the classification, with no impact on margins, of the effects of purchase and sales contracts for commodities measured at fair value through profit or loss (for more details, see note 4.3 of the 2019 Audited Consolidated Financial Statements and note 4 of the 2020 Half Year Financial Report).

## Balance sheet data

The following table sets forth the Group's summary consolidated balance sheet data as of 31 December 2019 and 2018 and for the six months periods ended on 30 June 2020 and 30 June 2019.

	Year ended at 31 December		Six month period ended 30 June	
	2019	2018	2020	2019
	(€'000 m)			
Non-current assets .....	134,622	128,849	131,723	134,494
Current assets .....	36,703	35,887	35,267	35,705
Assets classified as held for sale .....	101	688	5	309
<b>Total assets .....</b>	<b>171,426</b>	<b>165,424</b>	<b>166,995</b>	<b>170,508</b>
Equity attributable to the shareholders of the Parent Company .....	30,377	31,720	29,180	32,589
Equity attributable to non-controlling interests .....	16,561	16,132	14,188	16,236
<b>Total Shareholders' Equity .....</b>	<b>46,938</b>	<b>47,852</b>	<b>43,368</b>	<b>48,825</b>
Non-current liabilities .....	83,997	76,817	82,178	81,648
Current liabilities .....	40,488	40,348	41,447	40,031
Liabilities included in disposal groups classified as held for sale .....	3	407	2	4
<b>Total Liabilities .....</b>	<b>124,488</b>	<b>117,572</b>	<b>123,627</b>	<b>121,683</b>
<b>Total liabilities and shareholders' equity..</b>	<b>171,426</b>	<b>165,424</b>	<b>166,995</b>	<b>170,508</b>

## Statement of cash flow data

The following table sets forth the Group's summary consolidated cash-flow statement data for the years ended 31 December 2019 and 2018 and for the six months period ended on 30 June 2020 and 30 June 2019.

	Year ended at 31 December		Six month period ended 30 June	
	2019	2018	2020	2019
	(€'000 m)			
Cash flow from operating activities .....	11,251	11,075	2,042	4,619
Cash flow from (investing)/disinvesting activities .....	(9,115)	(9,661)	(4,119)	(4,012)
Cash flow from financing activities .....	306	(1,636)	(706)	(1,551)
Impact of exchange rate fluctuations on cash and cash equivalents .....	(76)	(185)	(374)	31
<b>Increase/(Decrease) in cash and cash equivalents</b>	<b>2,366</b>	<b>(407)</b>	<b>(3,157)</b>	<b>913</b>

## Other financial information and indicators

The following table sets forth certain non-IFRS information used by ENEL's management to monitor and evaluate the economic and financial performance of the Group. These indicators, gross operating margin (EBITDA) and net financial debt, are not recognized as accounting standards within the IFRS adopted by the European Union, and therefore must not be considered as alternatives to any measures of performance under IFRS. See "*Presentation of Financial and Other Information – Alternative Performance Measures.*"

Investors should not place undue reliance on these non-IFRS measures and should not consider either of these measures to be indicative of the Group's historical operating results or financial condition; nor are they meant to be predictive of future results. Since companies generally do not calculate these measures in an identical manner, ENEL's measures may not be consistent with similar measures used by other companies. For this reason also, investors should not place undue reliance on non-IFRS financial measures.

	Year ended at 31 December		Six month period ended 30 June	
	2019	2018	2020	2019
	(€'000 m)			
Gross operating margin (EBITDA) .....	17,704	16,351	8,645	8,907
Net Financial Debt.....	45,175	41,089	50,411	45,391



## Net financial debt

	Year ended at 31 December		Six month period ended 30 June	
	2019	2018	2020	2019
		(€'000 m)		
<b>Long-term debt:</b>				
Bank borrowings.....	8,407	8,819	8,830	9,452
Bonds.....	43,294	38,633	42,299	39,627
Other borrowings.....	2,473	1,531	2,494	2,493
<b>Long-term debt.....</b>	<b>54,174</b>	<b>48,983</b>	<b>53,623</b>	<b>51,572</b>
Long-term financial receivables and securities .....	(3,185)	(3,272)	(3,166)	(3,144)
<b>Net long-term debt.....</b>	<b>50,989</b>	<b>45,711</b>	<b>50,457</b>	<b>48,428</b>
<b>Short-term debt:</b>				
Short-term portion of long term bank borrowings.....	1,121	1,830	1,458	1,498
Other short-term bank borrowings.....	579	512	1,214	555
Bonds (short-term portion) .....	1,906	1,341	932	1,496
Other borrowings (short-term portion) .....	382	196	348	372
Commercial paper.....	2,284	2,393	4,495	3,029
Cash collateral on derivatives and other financing .....	750	301	1,418	469
Other short-term borrowings .....	304	410	69	275
Other current financial payables	47	28	27	41
Long-term financial receivables (short-term portion) .....	(1,585)	(1,522)	(1,472)	(1,932)
Financial receivables – cash collateral.....	(2,153)	(2,559)	(2,326)	(2,746)
Other short-term financial receivables.....	(369)	(859)	(286)	(293)
Cash and cash equivalents .....	(9,080)	(6,693)	(5,923)	(5,801)
<b>Net short-term financial debt.....</b>	<b>(5,814)</b>	<b>(4,622)</b>	<b>(46)</b>	<b>(3,037)</b>
<b>NET FINANCIAL DEBT.....</b>	<b>45,175</b>	<b>41,089</b>	<b>50,411</b>	<b>45,391</b>
<b>Financial debt of “Assets held for sale” ...</b>	<b>-</b>	<b>362</b>		

## TERMS AND CONDITIONS OF THE SECURITIES

*The following is the text of the Terms and Conditions of the Securities which (subject to modification) will be endorsed on each Security in definitive form (if issued).*

*Text set out within the Terms and Conditions of the Securities in italics is provided for information only and does not form part of the Terms and Conditions of the Securities.*

The €600,000,000 Perpetual 6.5 Years Non-Call Capital Securities (the “**Securities**”, which expression shall in these Conditions, unless the context otherwise requires, include any further securities issued pursuant to Condition 15 and forming a single series with the Securities) of Enel S.p.A. (the “**Issuer**”) are constituted by a Trust Deed dated 10 September 2020 (the “**Trust Deed**”) made between the Issuer and BNY Mellon Corporate Trustee Services Limited (the “**Trustee**”, which expression shall include its successor(s)) as trustee for the holders of the Securities (the “**Securityholders**”) and the holders of the interest coupons appertaining to the Securities (the “**Couponholders**” and the “**Coupons**” respectively, which expressions shall, unless the context otherwise requires, include the talons for further interest coupons (the “**Talons**”) and the holders of the Talons).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Agency Agreement dated 10 September 2020 (the “**Agency Agreement**”) made between the Issuer, The Bank of New York Mellon, London Branch, as principal paying agent (the “**Principal Paying Agent**”) and agent bank (the “**Agent Bank**”) (which shall be responsible for making certain determinations, as described in these Terms and Conditions) and the Trustee are available for inspection by appointment during normal business hours by the Securityholders and the Couponholders at the registered office for the time being of the Trustee, being at the date of issue of the Securities at One Canada Square, London E14 5AL, and at the specified office of each of the Paying Agents or at the Trustee’s or Paying Agent’s (as the case may be) option may be provided by email to such holder requesting copies of such documents, subject to the Paying Agent or the Trustee (as applicable) being supplied by the Issuer with copies of such documents. The Securityholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the provisions of the Agency Agreement applicable to them.

### **1 Form, Denomination and Title**

#### **1.1 Form and Denomination**

The Securities are in bearer form, serially numbered, in the denominations of €100,000 and integral multiples of €1,000 in excess thereof, up to and including €199,000, with Coupons and one Talon attached on issue.

#### **1.2 Title**

Title to the Securities and to the Coupons will pass by delivery.

#### **1.3 Holder Absolute Owner**

The Issuer, any Paying Agent and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Security or Coupon as the absolute owner for all purposes (whether or not the Security or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Security or Coupon or any notice of previous loss or theft of the Security or Coupon or of any trust or interest therein) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

## 2 Definitions and Interpretation

As used in these Conditions:

An “**Accounting Event**” shall occur if as a result of a change in the accounting practices or principles applicable to the Issuer, which currently are the international accounting standards (International Accounting Standards — IAS and International Financial Reporting Standards — IFRS) issued by the International Accounting Standards Board (IASB), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), adopted by the European Union pursuant to Regulation (EC) 1606/2002 (“IFRS”), or any other accounting standards that may replace IFRS which becomes effective after the Issue Date (the “**Change**”), the obligations of the Issuer in respect of the Securities, following the official adoption of such Change, which may fall before the date on which the Change will come into effect, can no longer be recorded as “equity” (*strumento di capitale*), in accordance with accounting practices or principles applicable to the Issuer at the time of the next Financial Statements, and a recognised accountancy firm of international standing, acting upon instructions of the Issuer, has delivered an opinion, letter or report addressed to the Issuer to that effect, and the Issuer cannot avoid the foregoing by taking reasonable measures available to it.

“**Accrual Period**” has the meaning given to it in Condition 4.1(c).

“**Additional Amounts**” has the meaning given to it in Condition 8.1.

“**Adjustment Spread**” means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the EUR 5-year Swap Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);
- (B) the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the EUR 5-year Swap Rate; or (if the Independent Adviser determines that no such spread is customarily applied);
- (C) the Independent Adviser determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the EUR 5-year Swap Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

“**Alternative Rate**” means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 4.4(b) is customary in market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in Euro and with an interest period of a comparable duration to the relevant Reset Period.

“**Arrears of Interest**” has the meaning given to it in Condition 4.2(a).

“**Benchmark Amendments**” has the meaning given to it in Condition 4.4(d).

“**Benchmark Event**” means:

- (A) the EUR 5-year Swap Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist or to be administered; or
- (B) a public statement by the administrator of the EUR 5-year Swap Rate that it will, by a specified date on or prior to the next Reset Interest Determination Date, cease publishing the EUR 5-year Swap Rate

permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the EUR 5-year Swap Rate); or

- (C) a public statement by the supervisor of the administrator of the EUR 5-year Swap Rate, that the EUR 5-year Swap Rate has been or will, by a specified date on or prior to the next Reset Interest Determination Date, be permanently or indefinitely discontinued; or
- (D) a public statement by the supervisor of the administrator of the EUR 5-year Swap Rate as a consequence of which the EUR 5-year Swap Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences either generally, or in respect of the Securities, in each case on or prior to the next Reset Interest Determination Date; or
- (E) it has become unlawful for the Principal Paying Agent, the Agent Bank, the Issuer or other party to calculate any payments due to be made to any Securityholder using the EUR 5-year Swap Rate; or
- (F) the making of a public statement by the supervisor of the administrator of the EUR 5-year Swap Rate announcing that such EUR 5-year Swap Rate is no longer representative or may no longer be used, in each case in circumstances where the same shall be applicable to the Securities,

provided that in the case of sub-paragraphs (B), (C) and (D), the Benchmark Event shall occur on the later of (i) the date which is six months prior to the date of the cessation of publication of the EUR 5-year Swap Rate, the discontinuation of the EUR 5-year Swap Rate, or the prohibition of use of the EUR 5-year Swap Rate, as the case may be and (ii) the date of the relevant public statement.

“**Business Day**” means a day which is both 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 London and Milan and a TARGET2 Settlement Day.

“**Calculation Amount**” has the meaning given to it in Condition 4.1(c).

“**Call Date**” has the meaning given to it in Condition 6.2.

“**Code**” has the meaning given to it in Condition 8.1.

“**Decree No. 239**” means Italian Legislative Decree No. 239 of 1 April 1996, as amended.

“**Decree No. 917**” means Italian Presidential Decree No. 917 of 22 December 1986, as amended.

“**Deferral Notice**” has the meaning given to it in Condition 4.2(a).

“**Deferred Interest Payment**” has the meaning given to it in Condition 4.2(a).

“**Determination Period**” has the meaning given to it in Condition 4.1(c).

“**Early Redemption Date**” means the date of redemption of the Securities pursuant to Conditions 6.3 to 6.7.

“**Early Redemption Price**” will be the amount determined by the Agent Bank on the Redemption Calculation Date as follows:

- (A) in the case of a Withholding Tax Event or a Substantial Repurchase Event at any time, 100 per cent. of the principal amount of the Securities then outstanding; or
- (B) in the case of an Accounting Event, a Rating Methodology Event or a Tax Deductibility Event, either:
  - (i) 101 per cent. of the principal amount of the Securities then outstanding if the Early Redemption Date falls prior to 10 December 2026 (being the date falling three months prior to the First Reset Date); or

- (ii) 100 per cent. of the principal amount of the Securities then outstanding if the Early Redemption Date falls on or after 10 December 2026 (being the date falling three months prior to the First Reset Date),

and in each case together with any accrued interest to, but excluding, the relevant Early Redemption Date and any outstanding Arrears of Interest.

“**equity credit**” shall include such other nomenclature as any Rating Agency may use from time to time to describe the degree to which an instrument exhibits the characteristics of an ordinary share.

“**EUR 5 year Swap Rate**” has the meaning given to it in Condition 4.1(b).

“**EUR 5 year Swap Rate Quotation**” means, in relation to any Reset Period, the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap which (i) has a term of 5 years commencing on the relevant Reset Interest Determination Date, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis);

“**EUR Reset Reference Bank Rate**” means the percentage rate determined by the Agent Bank on the basis of the EUR 5 year Swap Rate Quotations provided by the EUR Reset Reference Banks to the Issuer and notified to the Agent Bank at approximately 11:00 a.m. (CET) on the relevant Reset Interest Determination Date.

“**EUR Reset Reference Banks**” means five major banks in the Euro-zone interbank market selected by the Issuer.

“**EUR Reset Screen Page**” means the Thomson Reuters screen “ICESWAP2” (or such other page as may replace it on Thomson Reuters or, as the case may be, on such other information service that may replace Reuters providing or sponsoring the information appearing there for the purpose of displaying rates comparable to the EUR 5 Year Swap Rate).

“**EURIBOR**” means the Euro-zone interbank offered rate.

“**Euronext Dublin**” means the Irish Stock Exchange plc trading as Euronext Dublin.

“**Exchanged Securities**” has the meaning given to it in Condition 7.1.

“**FATCA Withholding**” has the meaning given to it in Condition 8.1.

“**Financial Statements**” means either of:

- (A) audited annual consolidated financial statements of the Issuer; or
- (B) unaudited condensed consolidated half-year financial statements of the Issuer which are subject to a formal “review” from an independent auditor,

in each case prepared in accordance with IFRS or any successor accounting standards applicable to the Issuer.

“**First Reset Date**” means 10 March 2027.

“**Fitch**” means Fitch Italia S.p.A.

“**Group**” means the Issuer and its Subsidiaries from time to time.

“**Interest Payment Date**” means 10 March in each year.



“**Interest Period**” means the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date ending on the date fixed for redemption.

“**Insolvency Proceedings**” means any insolvency proceedings (*procedura concorsuale*) or proceedings equivalent or analogous thereto under the laws of any applicable jurisdiction, including, but not limited to, bankruptcy (*fallimento*), composition with creditors (*concordato preventivo*) (including pre concordato pursuant to Article 161(6) of the Italian Bankruptcy Law), forced administrative liquidation (*liquidazione coatta amministrativa*), extraordinary administration (*amministrazione straordinaria*) and extraordinary administration of large companies in insolvency (*amministrazione straordinaria delle grandi imprese in stato di insolvenza*), debt restructuring agreements (*accordo di ristrutturazione*) pursuant to Article 182-bis of the Italian Bankruptcy Law (including the procedure described under Article 182-bis(6) of the Italian Bankruptcy Law) and Articles 57 ff. of the Italian Bankruptcy Law Reform, reorganisation plans pursuant to Article 67(3)(d) of the Italian Bankruptcy Law and Article 56 of the Italian Bankruptcy Law Reform, judicial liquidation pursuant to articles 121 ff. of the Italian Bankruptcy Law Reform, the undertaking of any court approved restructuring with creditors or the making of any application (or filing of documents with a court) for the appointment of an administrator or other receiver (*curatore*), manager administrator (*commissario straordinario o liquidatore*) or other similar official under any applicable law.

“**Issue Date**” means 10 September 2020.

“**Italian Bankruptcy Law**” means Royal Decree No. 267 of 1942, as amended from time to time, including pursuant to the Italian Bankruptcy Law Reform.

“**Italian Bankruptcy Law Reform**” means the crisis and insolvency code set out under the Legislative Decree No. 14 of 2019, as amended from time to time.

“**Junior Securities**” means:

- (A) the ordinary shares (*azioni ordinarie*) of the Issuer;
- (B) any other class of the Issuer’s share capital (including savings shares (*azioni di risparmio*) and preferred shares (*azioni privilegiate*)); and
- (C)
  - (i) any securities of the Issuer (including *strumenti finanziari* issued under Article 2346 of the Italian Civil Code); and
  - (ii) any securities issued by a company other than the Issuer which have the benefit of a guarantee or similar instrument from the Issuer,

which securities (in the case of (C)(i)) or guarantee or similar instrument (in the case of (C)(ii)) rank or are expressed to rank *pari passu* with the claims described under (A) and (B) above and/or junior to the Securities.

“**Liquidation Event Date**” has the meaning given to it in Condition 6.1.

A “**Mandatory Arrears of Interest Settlement Event**” shall have occurred if:

- (A) a dividend (either interim or final) or any other distribution or payment was validly resolved on, declared, paid or made in respect of any Junior Securities, except where such dividend, distribution or payment was contractually required to be declared, paid or made under the terms of such Junior Securities; or

- (B) a dividend (either interim or final) or any other distribution or payment was validly resolved on, declared, paid or made in respect of any Parity Securities, except where such dividend, distribution or payment was contractually required to be declared, paid or made under the terms of such Parity Securities (including, without limitation, where any such payment occurs mandatorily at the maturity of such Parity Securities); or
- (C) the Issuer or any Subsidiary has repurchased, purchased, redeemed or otherwise acquired any Junior Securities, except where (x) such repurchase, purchase, redemption or acquisition was undertaken in connection with the satisfaction by the Issuer or any Subsidiary of its respective obligations under (i) any share buy-back programme existing at the Issue Date or (ii) any stock option plan or free share allocation plan reserved for directors, officers and/or employees of the Issuer or any associated hedging transaction or (y) such repurchase, purchase, redemption or acquisition is contractually required to be made under the terms of such Junior Securities; or
- (D) the Issuer or any Subsidiary has repurchased, purchased, redeemed or otherwise acquired any Parity Securities, except where (x) such repurchase, purchase, redemption or acquisition is contractually required to be made under the terms of such Parity Securities (including, without limitation, where any such payment occurs mandatorily at the maturity of such Parity Securities) or (y) such repurchase, purchase, redemption or acquisition is effected as a public tender offer or public exchange offer at a purchase price per security which is below its par value.

“**Mandatory Settlement Date**” means the earliest of:

- (A) the fifth Business Day following the date on which a Mandatory Arrears of Interest Settlement Event occurs;
- (B) following any Deferred Interest Payment, on the next scheduled Interest Payment Date on which the Issuer does not elect to defer all of the interest accrued in respect of the relevant Interest Period; and
- (C) the date on which the Securities are redeemed or repaid in accordance with Condition 6, including at the Liquidation Event Date (unless otherwise required by mandatory provisions of applicable law).

“**Moody’s**” means Moody’s France S.A.S.

“**Parity Securities**” means:

- (A) any securities or other instruments issued by the Issuer which rank, or are expressed to rank, *pari passu* with the Issuer’s obligations under the Securities and includes the Issuer’s £500,000,000 Capital Securities due 2076 (ISIN: XS1014987355); the Issuer’s €1,250,000,000 Capital Securities due 2074 (ISIN: XS0954675129); the Issuer’s £400,000,000 Capital Securities due 2075 (ISIN: XS0954674825); the Issuer’s U.S.\$1,250,000,000 Capital Securities due 2073 (ISIN: X Securities IT0004961808 N Securities IT0004961816 — X Receipt US29265WAA62 N Receipt US29265WAB46); the Issuer’s €750,000,000 8.5 Year Non-Call Capital Securities due 24 November 2081 (ISIN: XS1713463559); the Issuer’s €750,019,000 5.5 Year Non-Call Capital Securities due 2078 (ISIN: XS1713463716) and the Issuer’s €900,000,100 Capital Securities due 2080 (ISIN: XS2000719992); and
- (B) any securities or other instruments issued by a company other than the Issuer which have the benefit of a guarantee or similar instrument from the Issuer, which guarantee or similar instrument ranks or is expressed to rank *pari passu* with the Issuer’s obligations under the Securities.

“**Prevailing Interest Rate**” means the rate of interest payable on the Securities applicable from time to time pursuant to Condition 4.

**“Rating Agency”** means any of Moody’s, S&P, Fitch and any other rating agency substituted for any of them by the Issuer with the prior written approval of the Trustee and, in each case, any of their respective successors to the rating business thereof.

**“Rating Agency Confirmation”** means a written confirmation from a Rating Agency which has assigned ratings to the Issuer on a basis sponsored by the Issuer which is either received by the Issuer directly from the relevant Rating Agency or indirectly via publication by such Rating Agency.

A **“Rating Methodology Event”** shall be deemed to have occurred if the Issuer has received a Rating Agency Confirmation stating that:

- (A) due to an amendment, clarification or change in the “equity credit” (or such similar nomenclature then used by such Rating Agency) criteria of such Rating Agency, which amendment, clarification or change has occurred after the Relevant Rating Date, the Securities are eligible for a level of equity credit that is lower than the level or equivalent level of equity credit assigned to the Securities by such Rating Agency on the Relevant Rating Date; or
- (B) following a Refinancing Event, the Securities would have become eligible (had such Refinancing Event not occurred), due to an amendment, clarification or change in the “equity credit” (or such similar nomenclature then used by such Rating Agency) criteria, for a level of equity credit that is lower than the level or equivalent level of equity credit assigned to the Securities by such Rating Agency on the Relevant Rating Date;).

**“Redemption Calculation Date”** means the fourth Business Day prior to the relevant Early Redemption Date.

**“Refinancing Event”** means the refinancing, in whole or in part, of the Securities following the Relevant Rating Date and, as a result of such refinancing, the Securities having become eligible for a level of equity credit that is lower than the level or equivalent level of equity credit assigned to the Securities by such Rating Agency on the Relevant Rating Date.

**“Relevant Date”** means the date on which any payment first becomes due but, if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Securityholders by the Issuer in accordance with Condition 12.

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

- (A) the European Central Bank, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the European Central Bank, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

**“Relevant Rating Date”** means the Issue Date or, if later, the date on which the Securities are assigned equity credit by the relevant Rating Agency for the first time;

**“Reset Date”** means the First Reset Date and each date falling on the fifth anniversary thereafter.

**“Reset Interest Determination Date”** means, in respect of any Reset Period, the day falling two Business Days prior to the beginning of the relevant Reset Period.

“**Reset Period**” means each period from and including the First Reset Date to but excluding the next following Reset Date and thereafter from and including each Reset Date to but excluding the next following Reset Date.

“**S&P**” means S&P Global Ratings Europe Limited (France Branch).

“**Subsidiary**” means any entity which is a subsidiary (*società controllata*) of the Issuer within the meaning of Article 2359 of the Italian Civil Code and Article 93 of Legislative Decree No. 58 of 24 February 1998, as amended.

A “**Substantial Repurchase Event**” shall be deemed to have occurred if, prior to the giving of the relevant notice of redemption, at least 75 per cent. of the aggregate principal amount of the Securities issued on the Issue Date has been purchased by or on behalf of the Issuer or a Subsidiary and has been cancelled.

“**Successor Rate**” means the rate that the Independent Adviser determines is a successor to or replacement of the EUR 5 year Swap Rate and which is formally recommended by any Relevant Nominating Body.

“**TARGET2 Settlement Day**” means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open.

A “**Tax Deductibility Event**” shall be deemed to have occurred if, as a result of a Tax Law Change, payments of interest by the Issuer in respect of the Securities are no longer, or within 90 calendar days of the date of any opinion provided pursuant to Condition 6.4(b)(ii) will no longer be, deductible in whole or in part for Italian corporate income tax purposes, and the Issuer cannot avoid the foregoing by taking reasonable measures available to it. For the avoidance of doubt, a Tax Deductibility Event shall not occur if payments of interest by the Issuer in respect of the Securities are not deductible in whole or in part for Italian corporate income tax purposes solely as a result of general tax deductibility limits set forth by Article 96 of Decree No. 917 as at (and on the basis of the general tax deductibility limits calculated in the manner applicable as at) the Issue Date.

“**Tax Jurisdiction**” means the Republic of Italy and/or such other taxing jurisdiction to which the Issuer becomes subject or any political subdivision or any authority thereof or therein having power to tax.

“**Tax Law Change**” means: (i) any amendment to, clarification of, or change in, the laws or treaties (or any regulations thereunder) of a Tax Jurisdiction affecting taxation; (ii) any governmental action or (iii) any amendment to, clarification of, or change in the official position or the interpretation of such governmental action that differs from the previously generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body, or which differs from any specific written statements made by any governmental authority or regulatory body regarding the anticipated tax treatment of the Securities, which amendment, clarification, change or governmental action is effective, on or after the Issue Date.

“**Taxes**” means any present or future taxes or duties, assessments or governmental charges of whatever nature.

“**Varied Securities**” has the meaning given to it in Condition 7.1.

A “**Withholding Tax Event**” shall be deemed to have occurred if, following the Issue Date:

- (A) as a result of a Tax Law Change, the Issuer has or will become obliged to pay Additional Amounts in respect of the Securities and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (B) a person into which the Issuer is merged or to whom it has conveyed, transferred or leased all or substantially all of its assets and who has been substituted in place of the Issuer as principal debtor under the Securities is required to pay Additional Amounts in respect of the Securities and such obligation cannot be avoided by such person taking reasonable measures available to it, unless the sole purpose of such a merger, conveyance, transfer or lease would be to permit the Issuer to redeem the Securities.

### 3 Status and Subordination

#### 3.1 Status

The Securities and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer and rank and will at all times rank *pari passu* without any preference among themselves and with Parity Securities. The Securities constitute *obbligazioni* pursuant to Articles 2410 *et seq.* of the Italian Civil Code. The obligations of the Issuer in respect of the Securities and the Coupons are subordinated as described in Condition 3.2.

#### 3.2 Subordination

The obligations of the Issuer to make payment in respect of principal and interest on the Securities and the Coupons, including its obligations in respect of any Arrears of Interest, will, in the event of the winding-up, insolvency, dissolution or liquidation of the Issuer, rank:

- (a) senior only to the Issuer's payment obligations in respect of any Junior Securities;
- (b) *pari passu* among themselves and with the Issuer's payment obligations in respect of any Parity Securities; and
- (c) junior to all other payment obligations of the Issuer, present and future, whether subordinated (including any claims pursuant to Article 2411, first paragraph, of the Italian Civil Code) or unsubordinated,

in each case except as otherwise required by mandatory provisions of applicable law.

Nothing in this Condition 3.2 shall affect or prejudice the payment of costs, charges, expenses, liabilities or remuneration of the Trustee or Agents or the rights and remedies of the Trustee or the Agents in respect thereof.

#### 3.3 No Set-off

To the extent and in the manner permitted by applicable law, no Securityholder or Couponholder may exercise, claim or plead any right of set-off, counterclaim, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising from, the Securities or the Coupons and each Securityholder and Couponholder will, by virtue of his holding of any Security or Coupon, be deemed to have waived all such rights of set-off, counterclaim, compensation or retention. The Issuer may not set off any claims it may have against the Securityholders against any of its obligations under the Securities or the Coupons.

### 4 Interest and Interest Deferral

#### 4.1 Interest

##### (a) *Interest Rates and Interest Payment Dates*

Unless previously redeemed or repurchased and cancelled in accordance with these Conditions and subject to the further provisions of this Condition 4, the Securities will bear interest on their principal amount as follows:

- (i) from (and including) the Issue Date to (but excluding) the First Reset Date, at the rate of 2.250 per cent. per annum, payable annually in arrear on each Interest Payment Date; and
- (ii) from (and including) the First Reset Date to (but excluding) the date fixed for redemption, at, in respect of each Reset Period, the relevant EUR 5 year Swap Rate plus:

- (A) in respect of the Reset Period commencing on the First Reset Date to but excluding 10 March 2032, 2.679 per cent. per annum;
  - (B) in respect of the Reset Periods commencing on 10 March 2032, 10 March 2037 and 10 March 2042, 2.929 per cent. per annum; and
  - (C) in respect of any other Reset Period after 10 March 2047, 3.679 per cent. per annum;
- all as determined by the Agent Bank for annual payment in arrear on each Interest Payment Date, commencing on the First Interest Payment Date.

**(b) Determination of EUR 5 year Swap Rate**

- (i) For the purposes of these Conditions, the relevant “**EUR 5 year Swap Rate**”, in respect of a Reset Period, shall be the annual mid-swap rate as displayed on the EUR Reset Screen Page as at 11:00 a.m. (CET) on the relevant Reset Interest Determination Date.
- (ii) If the relevant EUR 5 year Swap Rate does not appear on the EUR Reset Screen Page on the relevant Reset Interest Determination Date, the Issuer shall request each of the EUR Reset Reference Banks to provide it with its EUR 5 year Swap Rate Quotation (such EUR 5 year Swap Rate Quotation to be notified by the Issuer to the Agent Bank) and the Agent Bank will determine the EUR 5 year Swap Rate as the EUR Reset Reference Bank Rate on the relevant Reset Interest Determination Date.
- (iii) If at least three quotations are provided by the EUR Reset Reference Banks, the EUR 5 year Swap Rate will be determined by the Agent Bank on the basis of the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).
- (iv) If only two quotations are provided, the EUR 5 year Swap Rate will be the arithmetic mean of the quotations provided.
- (v) If only one quotation is provided, the EUR Reset Reference Banks Rate will be the quotation provided.
- (vi) If no quotations are provided, the EUR Reset Reference Bank Rate for the relevant period will be equal to the last available EUR 5 year mid swap rate for euro swap transactions, expressed as an annual rate, on the EUR Reset Screen Page.

**(c) Calculation of Interest**

The interest payable on each Security on any Interest Payment Date shall be calculated per €1,000 in principal amount of the Securities (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall be equal to the product of the Prevailing Interest Rate for the Interest Period ending immediately prior to such Interest Payment Date, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

The day-count fraction will be calculated on the following basis:

- (a) if the Accrual Period is equal to or shorter than the Determination Period during which it falls, the day-count fraction will be the number of days in the Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

- (b) if the Accrual Period is longer than one Determination Period, the day-count fraction will be the sum of:
- (i) the number of days in such Accrual Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
  - (ii) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (a) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“**Accrual Period**” means the relevant period for which interest is to be calculated (from and including the first such day to but excluding the last); and

“**Determination Period**” means the period from and including 10 September in any year to but excluding the next 10 September.

#### **4.2 Interest Deferral**

Subject to the provisions of the following paragraphs, on each Interest Payment Date, the Issuer shall pay interest on the Securities accrued to (but excluding) that date in respect of the Interest Period ending immediately prior to such Interest Payment Date.

(a) ***Optional Interest Deferral***

The Issuer may, at its sole discretion, elect to defer in whole, but not in part, any payment of interest accrued on the Securities in respect of any Interest Period (a “**Deferred Interest Payment**”) by giving notice (a “**Deferral Notice**”) of such election to the Securityholders in accordance with Condition 12 and to the Trustee and the Principal Paying Agent at least five, but not more than 30, Business Days prior to the relevant Interest Payment Date. If the Issuer makes such an election, the Issuer shall have no obligation to make such payment and any such non-payment of interest shall not constitute a default of the Issuer or any other breach of obligations under the Securities or for any other purpose.

Any Deferred Interest Payment will be deferred and shall constitute “**Arrears of Interest**”. Any Arrears of Interest will remain outstanding until paid in full by the Issuer, but Arrears of Interest shall not itself bear interest.

(b) ***Optional Settlement of Arrears of Interest***

The Issuer may pay outstanding Arrears of Interest (in whole but not in part) at any time upon giving not less than 10 and not more than 15 Business Days’ notice to the Securityholders in accordance with Condition 12 (which notice shall be irrevocable and will oblige the Issuer to pay the relevant Arrears of Interest on the payment date specified in such notice) and to the Trustee and the Principal Paying Agent at least five, but not more than 30, Business Days prior to the relevant due date for payment.

(c) ***Mandatory Settlement of Arrears of Interest***

All (but not some only) of any outstanding Arrears of Interest from time to time in respect of all Securities for the time being outstanding shall become due and payable in full and shall be paid by the Issuer on the first occurring Mandatory Settlement Date.

Notice of the occurrence of any Mandatory Settlement Date shall be given to the Securityholders in accordance with Condition 12 and to the Trustee and the Principal Paying Agent at least five, but not more than 30, Business Days prior to the relevant due date for payment.

**(d) *Notification of Mandatory Settlement Date***

Upon the occurrence of a Mandatory Settlement Date, the Issuer shall promptly deliver to the Trustee a certificate signed by two duly authorised representatives of the Issuer confirming the occurrence thereof upon which the Trustee may rely absolutely without liability to any person for so doing.

**4.3 *Accrual of Interest***

The Securities will cease to bear interest from (and including) the calendar day on which they are due for redemption. If the Issuer fails to redeem the Securities upon due presentation and surrender thereof when due, interest will continue to accrue as provided in the Trust Deed.

**4.4 *Benchmark discontinuation***

**(a) *Independent Adviser***

If a Benchmark Event occurs in relation to the EUR 5 year Swap Rate on any Reset Interest Determination Date, then the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.4(b)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4.4(d)).

An Independent Adviser appointed pursuant to this Condition 4.4 shall act in good faith and in a commercially reasonable manner as an expert and in consultation with the Issuer. In the absence of fraud and gross negligence, the Independent Adviser shall have no liability whatsoever to the Issuer, the Paying Agents or the Securityholders for any determination made by it pursuant to this Condition 4.4.

If: (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4.4(a) prior to the relevant Reset Interest Determination Date, the EUR 5 year Swap Rate applicable to the next succeeding Reset Period shall be the last available EUR 5 year mid swap rate for euro swap transactions, expressed as an annual rate, on the EUR Reset Screen Page. For the avoidance of doubt, this Condition 4.4(a) shall apply to the relevant next succeeding Reset Period only and any subsequent Reset Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4.4(a).

**(b) *Successor Rate or Alternative Rate***

If the Independent Adviser determines that:

- (i) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the EUR 5 year Swap Rate to determine the Prevailing Interest Rate (or the relevant component part thereof) for all future payments of interest on the Securities (subject to the operation of this Condition 4.4); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the EUR 5 year Swap Rate to determine the Prevailing Interest Rate (or the relevant component part thereof) for all future payments of interest on the Securities (subject to the operation of this Condition 4.4).



(c) ***Adjustment Spread***

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(d) ***Benchmark Amendments***

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4.4 and the Independent Adviser determines (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4.4(e), without any requirement for the consent or approval of Securityholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 4.4(d), the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 4.4, no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to cause a Rating Methodology Event to occur.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by two duly authorised representatives of the Issuer pursuant to Condition 4.4(e), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Securityholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, inter alia, by the execution of a deed supplemental to or amending the Trust Deed), provided that the Trustee shall not be obliged to agree to any Benchmark Amendments which, in the sole opinion of the Trustee, would have the effect of (i) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction; or (ii) increasing the obligations, responsibilities or duties, or decreasing the protections, of the Trustee under the Trust Deed and/or the Conditions in any way.

(e) ***Notices etc***

Any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4.4 will be notified promptly by the Issuer to the Trustee, the Principal Paying Agent and the Agent Bank and, in accordance with Condition 12 (*Notices*), the Securityholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee a certificate signed by two duly authorised representatives of the Issuer:

- (a) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4.4; and
- (b) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Trustee shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's, the Agent Bank's or the Principal Paying Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying Agents and the Securityholders.

**(f) *Survival of EUR 5 year Swap Rate***

Without prejudice to the obligations of the Issuer under Condition 4.4(a), (b), (c) and (d), the EUR 5 year Swap Rate and the fallback provisions provided for in Condition 4.1(b) will continue to apply unless and until a Benchmark Event has occurred.

## **5 Payment and Exchanges of Talons**

*Provisions for payments in respect of Global Securities are set out under "Summary of Provisions Relating to the Securities while represented by the Global Securities" below.*

### **5.1 Payments in respect of Securities**

Payments of principal and interest in respect of each Security will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Security, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

### **5.2 Method of Payment**

Payments will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

### **5.3 Missing Unmatured Coupons**

Upon the date on which any Security becomes due and repayable, all unmatured Coupons appertaining to the Security (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.

### **5.4 Payments subject to Applicable Laws**

Payments will be subject in all cases to any other applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Issuer or its agents agree to be subject and, save as provided in Condition 8 below, the Issuer will not be liable for any Taxes imposed or levied by such laws, regulations or agreements.

### **5.5 Payment only on a Presentation Date**

A holder shall be entitled to present a Security or Coupon for payment only on a Presentation Date and shall not be entitled to any further interest or other payment if a Presentation Date is after the due date for payment of any amount in respect of any Security or Coupon.

**"Presentation Date"** means a day which (subject to Condition 9):

- (a) is or falls after the relevant due date for payment of any amount in respect of any Security or Coupon;

- (b) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the place of the specified office of the Paying Agent at which the Security or Coupon is presented for payment; and
- (c) in the case of payment by credit or transfer to a euro account as referred to above, is a TARGET2 Settlement Day.

## **5.6 Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 9. Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

## **5.7 Initial Paying Agents**

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated; and
- (c) there will at all times be an Agent Bank.

Notice of any termination or appointment and of any changes in specified offices will be given to the Securityholders promptly by the Issuer in accordance with Condition 12.

# **6 Redemption and Purchase**

## **6.1 No fixed redemption**

Unless previously redeemed or purchased and cancelled as provided below, the Securities will become due and payable and will be redeemed on the date on which a winding up, dissolution or liquidation of the Issuer (otherwise than for the purpose of a solvent amalgamation, merger or reconstruction under which the assets and liabilities of the Issuer are assumed by the entity resulting from such amalgamation, merger or reconstruction and such entity assumes the obligations of the Issuer in respect of the Securities in accordance with Condition 13.2) is instituted (the “**Liquidation Event Date**”), including in connection with any Insolvency Proceedings, in accordance with (i) any applicable legal provision, or any decision of any judicial or administrative authority, or (ii) any resolution passed at a shareholders’ meeting of the Issuer or (iii) any provision which is set out in the by-laws of the Issuer from time to time (including the maturity of the Issuer which, as of the Issue Date, is set in its by-laws at 31 December 2100). Upon having become due and payable according to the provisions above, the Securities will be redeemed at an amount equal to their principal amount, together with any outstanding interest accrued up to (but excluding) the Liquidation Event Date and any outstanding Arrears of Interest.

## **6.2 Optional Redemption**

The Issuer may redeem all of the Securities (but not some only) on any date during the period commencing on (and including) 10 December 2026 and ending on (and including) the First Reset Date or upon any Interest Payment Date thereafter (each such date, a “**Call Date**”), in each case at their principal amount together with any accrued interest up to (but excluding) the relevant Call Date and any outstanding Arrears of Interest, on giving not less than 30 and not more than 60 calendar days’ notice to the Securityholders in accordance with Condition 12.

## **6.3 Early Redemption following a Withholding Tax Event**

- (a) If a Withholding Tax Event occurs, the Issuer may redeem all (but not some only) of the Securities at any time at the applicable Early Redemption Price upon giving not less than 30 and not more than 60 calendar days’ notice to the Trustee and the Securityholders in accordance with Condition 12, provided that no such notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Securities then due.
- (b) Prior to giving a notice to the Securityholders pursuant to this Condition 6.3, the Issuer will deliver to the Trustee in a form and with content reasonably satisfactory to the Trustee:
  - (i) a certificate signed by two duly authorised representatives of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem the Securities in accordance with this Condition 6.3 have been satisfied; and
  - (ii) an opinion of independent legal or tax advisers, appointed by the Issuer at its own expense, of recognised standing in the jurisdiction of incorporation of the Issuer to the effect that the Issuer has or will become obliged to pay Additional Amounts as a result of (in the case of paragraph (A) of the definition of Withholding Tax Event) a Tax Law Change or (in the case of paragraph (B) of the definition of Withholding Tax Event) the relevant merger, conveyance, transfer or lease,

and the Trustee shall be entitled to accept and rely on the above certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above and the facts set out therein in which event the same shall be conclusive and binding on the Securityholders and the Couponholders.

## **6.4 Early Redemption following a Tax Deductibility Event**

- (a) If a Tax Deductibility Event occurs, the Issuer may redeem all (but not some only) of the Securities at any time at the applicable Early Redemption Price upon giving not less than 30 and not more than 60 calendar days’ notice of redemption to the Trustee and the Securityholders in accordance with Condition 12.
- (b) Prior to giving a notice to the Securityholders pursuant to this Condition 6.4, the Issuer will deliver to the Trustee in a form and with content reasonably satisfactory to the Trustee:
  - (i) a certificate signed by two duly authorised representatives of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem the Securities in accordance with this Condition 6.4 have been satisfied; and
  - (ii) an opinion of an independent legal or tax adviser, appointed by the Issuer at its own expense, of recognised standing in the jurisdiction of incorporation of the Issuer to the effect that payments of interest by the Issuer in respect of the Securities are no longer, or within 90 calendar days of the date of that opinion will no longer be, deductible in whole or in part for Italian corporate income tax purposes as a result of a Tax Law Change,

and the Trustee shall be entitled to accept and rely on the above certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above and the facts set out therein in which event the same shall be conclusive and binding on the Securityholders and the Couponholders.

#### **6.5 Early Redemption following a Rating Methodology Event**

- (a) If a Rating Methodology Event occurs, the Issuer may redeem all (but not some only) of the Securities at any time at the applicable Early Redemption Price upon giving not less than 30 and not more than 60 calendar days' notice of redemption to the Trustee and the Securityholders in accordance with Condition 12.
- (b) Prior to giving a notice to the Securityholders pursuant to this Condition 6.5, the Issuer will deliver to the Trustee in a form and with content reasonably satisfactory to the Trustee:
  - (i) a certificate signed by two duly authorised representatives of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem the Securities in accordance with this Condition 6.5 have been satisfied; and
  - (ii) a copy of the Rating Agency Confirmation relating to the applicable Rating Methodology Event unless the delivery of such Rating Agency Confirmation would constitute a breach of the terms on which such confirmation is delivered to the Issuer,

and the Trustee shall be entitled to accept and rely on the above certificate and, if applicable, copy of the Rating Agency Confirmation as sufficient evidence of the satisfaction of the conditions precedent set out above and the facts set out therein, in which event the same shall be conclusive and binding on the Securityholders and the Couponholders.

#### **6.6 Early Redemption upon the occurrence of an Accounting Event**

- (a) If an Accounting Event occurs, the Issuer may redeem all (but not some only) of the Securities at any time at the applicable Early Redemption Price upon giving not less than 30 and not more than 60 calendar days' notice of redemption to the Trustee and the Securityholders in accordance with Condition 12.

The Issuer may notify the redemption of the Securities as a result of the occurrence of an Accounting Event from (and including) the date on which the Change is officially adopted, which may fall before the date on which the Change will come into effect.

- (b) Prior to giving a notice to the Securityholders pursuant to this Condition 6.6, the Issuer will deliver to the Trustee in a form and with content reasonably satisfactory to the Trustee:
  - (i) a certificate signed by two duly authorised representatives of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem the Securities in accordance with this Condition 6.6 have been satisfied; and
  - (ii) a copy of the opinion, letter or report of a recognised accountancy firm of international standing, appointed by the Issuer at its own expense, as set forth in the definition of "Accounting Event",

and the Trustee shall be entitled to accept and rely on the above certificate and opinion, letter or report as sufficient evidence of the satisfaction of the conditions precedent set out above and the facts set out therein, in which event the same shall be conclusive and binding on the Securityholders and the Couponholders.

## **6.7 Purchases and Substantial Repurchase Event**

The Issuer or any Subsidiary may at any time purchase Securities (provided that all unmatured Coupons appertaining to the Securities are purchased with the Securities) in any manner and at any price. Such Securities may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

If a Substantial Repurchase Event occurs, the Issuer may redeem all (but not some only) of the outstanding Securities at any time at the applicable Early Redemption Price, subject to the Issuer having given the Trustee and the Securityholders not less than 30 and not more than 60 calendar days' notice in accordance with Condition 12.

## **6.8 Cancellations**

All Securities which are redeemed or exchanged pursuant to Condition 7 (*Exchange or Variation upon a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or Accounting Event and Preconditions to such Exchange or Variation*) will forthwith be cancelled, together with all unmatured Coupons attached to the Securities or surrendered with the Securities at the time of redemption. All Securities so cancelled and any Securities purchased and cancelled pursuant to Condition 6.7 above shall be forwarded to the Principal Paying Agent and accordingly may not be held, reissued or resold.

## **6.9 Notices Final**

A notice of redemption given pursuant to any of Conditions 6.2, 6.3, 6.4, 6.5, 6.6 or 6.7 shall be irrevocable and upon the expiry of any such notice, the Issuer shall be bound to redeem the Securities in accordance with the terms of the relevant Condition.

*The following does not form a part of the terms of the Securities:*

*The Issuer intends (without thereby assuming a legal obligation) that it will redeem or repurchase the Securities only to the extent that the part of the aggregate principal amount of the Securities to be redeemed or repurchased which was assigned "equity credit" (or such similar nomenclature used by S&P from time to time) at the time of the issuance of the Securities does not exceed such part of the net proceeds received by the Issuer or any Subsidiary of the Issuer prior to the date of such redemption or repurchase from the sale or issuance of securities by the Issuer or such Subsidiary to third party purchasers (other than group entities of the Issuer) which is assigned by S&P "equity credit" (or such similar nomenclature used by S&P from time to time) at the time of sale or issuance of such securities (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Securities), unless:*

- (i) the rating (or such similar nomenclature then used by S&P) assigned by S&P to the Issuer is at least equal to the rating assigned to the Issuer on the date of the most recent hybrid security issuance (excluding any refinancing) which was assigned by S&P a "equity credit" similar to the Securities and the Issuer is of the view that such rating would not fall below this level as a result of such redemption or repurchase, or*
- (ii) in the case of a repurchase, such repurchase is of less than (a) 10 per cent. of the aggregate principal amount of the Securities originally issued in any period of 12 consecutive months or (b) 25 per cent. of the aggregate principal amount of the Securities originally issued in any period of 10 consecutive years, or*
- (iii) the Securities are redeemed pursuant to a Tax Deductibility Event or a Withholding Tax Event, or an Accounting Event or a Substantial Repurchase Event or a Rating Methodology Event which results from an amendment, clarification or change in the "equity credit" criteria by S&P; or*

- (iv) *the Securities are not assigned an “equity credit” by S&P (or such similar nomenclature then used by S&P) at the time of such redemption or repurchase, or*
- (v) *in the case of a repurchase, such repurchase relates to an aggregate principal amount of Securities which is less than or equal to the excess (if any) above the maximum aggregate principal amount of the Issuer’s hybrid capital to which S&P then assigns equity content under its prevailing methodology; or*
- (vi) *such redemption or repurchase occurs on or after the Reset Date falling on 10 March 2047.*

**7 Exchange or Variation upon a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or Accounting Event and Preconditions to such Exchange or Variation**

**7.1** If the Issuer determines that a Withholding Tax Event, Tax Deductibility Event, Rating Methodology Event or an Accounting Event has occurred and is continuing, and has provided the Trustee with the relevant certificate and opinion, or in the case of Condition 6.5 only, the Rating Agency Confirmation, pursuant to Condition 6.3, 6.4, 6.5 or 6.6 (as applicable), then the Issuer may, subject to Condition 7.2 below (without any requirement for the consent or approval of the Securityholders or Couponholders), subject to its having satisfied the Trustee immediately prior to the giving of any notice referred to herein that the provisions of this Condition 7 have been complied with and having given not less than 30 nor more than 60 Business Days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 12 (Notices), to the Securityholders (which notice shall be irrevocable), as an alternative to an early redemption of the Securities at any time:

- (i) exchange the Securities (the “**Exchanged Securities**”), or
- (ii) vary the terms of the Securities (the “**Varied Securities**”),

so that:

- (A) in the case of a Tax Deductibility Event, the Issuer is entitled to claim a deduction or a higher deduction (as the case may be) in respect of interest paid when computing its tax liabilities for Italian corporation income tax purposes as compared with the entitlement (in the case of the Issuer) after the occurrence of the relevant Tax Deductibility Event,
- (B) in the case of a Withholding Tax Event, in making any payments in respect of the Exchanged Securities or Varied Securities the Issuer is only required to pay lesser or no Additional Amounts in respect of the Exchanged Securities or Varied Securities,
- (C) in the case of an Accounting Event, the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) will be recorded as a “financial liability” in accordance with accounting practices or principles applicable to the Issuer at the time of the next Financial Statements of the Issuer, or
- (D) in the case of a Rating Methodology Event, the aggregate nominal amount of the Exchanged Securities or Varied Securities (as the case may be) is assigned “equity credit” by the relevant Rating Agency that is equal to or greater than that which was assigned to the Securities on the Issue Date (or if “equity credit” is not assigned to the Securities by the relevant Rating Agency on the Issue Date, at the date on which “equity credit” is assigned by such Rating Agency for the first time),

and the Trustee shall, subject to the following provisions of this Condition 7, and subject to the receipt by it of the certificate by two duly authorised representatives of the Issuer referred to in Condition 7.2 below, agree to such exchange or variation.

Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, exchange the Securities in accordance with this Condition 7 and cancel such Exchanged Securities.

The Trustee shall (at the expense of the Issuer) enter into a supplemental trust deed and/or supplemental agency agreement with the Issuer (including indemnities satisfactory to the Trustee) solely in order to effect the exchange of the Securities, or the variation of the terms of the Securities, provided that the Trustee shall not be obliged to enter into such supplemental trust deed and/or supplemental agency agreement if the terms of the Exchanged Securities or the Varied Securities would impose, in the Trustee's opinion, more onerous obligations upon it or expose it to liabilities or reduce its protections. If the Trustee does not enter into such supplemental trust deed and/or supplemental agency agreement (and the Trustee shall have no liability or responsibility to any person if it does not do so), the Issuer may redeem the Securities as provided in Condition 6 (Redemption and Purchase).

**7.2** Any such exchange or variation shall be subject to the following conditions:

- (i) for as long as the Securities are listed on any stock exchange, the Issuer complying with the rules of the relevant stock exchange (or any other relevant authority) on which the Securities are for the time being admitted to trading, and (for so long as the rules of such exchange require) the publication of any appropriate supplement, listing particulars or offering circular in connection therewith, and the Exchanged Securities or Varied Securities continue to be admitted to trading on the same stock exchange as the Securities were admitted to trading immediately prior to the relevant exchange or variation;
- (ii) the Issuer paying any outstanding Arrears of Interest in full prior to such exchange or variation or providing for the accrual of an amount equal to the Arrears of Interest under the terms of the Exchanged Securities or the Varied Securities (as applicable);
- (iii) the Exchanged Securities or Varied Securities shall: (A) rank at least *pari passu* with the ranking of the Securities prior to the exchange or variation, and (B) benefit from the same interest rates and the same Interest Payment Dates, the same First Reset Date and early redemption rights (provided that the relevant exchange or variation may not itself trigger any early redemption right), a maturity date which shall not be longer than the maturity date of the Issuer as provided from time to time under the relevant by-laws, the same rights to accrued interest or Arrears of Interest and any other amounts payable under the Securities which, in each case, has accrued to the Securityholders and has not been paid, the same rights to principal and interest, and, if publicly rated by a Rating Agency which has provided a solicited rating at the invitation or with the consent of the Issuer, immediately prior to such exchange or variation, at least the same credit rating immediately after such exchange or variation by each such Rating Agency, as compared with the relevant solicited rating(s) immediately prior to such exchange or variation (as determined by the Issuer using reasonable measures available to it including discussions with the Rating Agencies to the extent practicable) (C) not contain terms providing for the mandatory deferral or cancellation of interest and (D) not contain terms providing for loss absorption through principal write-down or conversion to shares;
- (iv) the terms of the exchange or variation, in the sole opinion of the Issuer (acting reasonably) not being prejudicial to the interests of the Securityholders, including compliance with (iii) above, as certified to the Trustee by two duly authorised representatives of the Issuer, having consulted in good faith with an independent financial institution of international repute or an independent financial adviser experienced in the international capital markets, and any such certificate shall be final and binding on all parties;



- (v) the preconditions to exchange or variation set out in the Trust Deed having been satisfied, including the issue of legal opinions addressed to the Trustee (in form and substance satisfactory to the Trustee) (copies of which shall be made available to the Securityholders by appointment at the specified offices of the Trustee during usual office hours or at the Trustee's option may be provided by email to such holder requesting copies of such documents, subject to the Trustee (as applicable) being supplied by the Issuer with copies of such documents) from one or more international law firms of good reputation selected by the Issuer and confirming (x) that the Issuer has capacity to assume all rights, duties and obligations under the Exchanged Securities or Varied Securities (as the case may be) and has obtained all necessary corporate or governmental authorisation to assume all such rights and obligations and (y) the legality, validity and enforceability of the Exchanged Securities or Varied Securities;
- (vi) the delivery to the Trustee of a certificate signed by two duly authorised representatives of the Issuer certifying each of the points set out in paragraphs (i) to (v) above.

The Trustee may rely absolutely upon and shall be entitled to accept such certificates and any such opinions, as are referred to in this Condition 7, without any liability to any person for so doing and without any further inquiry as sufficient evidence of the satisfaction of the criteria set out in such paragraphs, in which event it shall be conclusive and binding on the Securityholders and the Couponholders.

## 8 Taxation

### 8.1 Payment without Withholding

All payments of principal and interest in respect of the Securities and Coupons by the Issuer will be made without withholding or deduction for or on account of any Taxes imposed or levied by or on behalf of any Tax Jurisdiction, unless such withholding or deduction of the Taxes is required by law. In such event, the Issuer will pay such additional amounts (the “**Additional Amounts**”) as may be necessary in order that the net amounts received by the Securityholders and Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Securities or, as the case may be, Coupons in the absence of such withholding or deduction; except that no Additional Amounts shall be payable:

- (a) in respect of any Security or Coupon presented for payment
  - (i) in any Tax Jurisdiction; or
  - (ii) by or on behalf of a holder who is liable for such Taxes in respect of such Security or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Security or Coupon; or
  - (iii) by or on behalf of a holder who would be able to avoid such withholding or deduction by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence, but fails to do so; or
  - (iv) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to an Additional Amount on presenting the same for payment on such thirtieth day assuming that day to have been a Presentation Date (as defined in Condition 5); or

- (b) in relation to any payment or deduction on account of *imposta sostitutiva* pursuant to Decree No. 239 as amended and/or supplemented or, for the avoidance of doubt, Italian Legislative Decree No. 461 of 21 November 1997 as amended and supplemented and in all circumstances in which the procedures set forth in Decree No. 239 in order to benefit from a tax exemption have not been met or complied with; or
- (c) in the event of payment by the Issuer to a non-Italian resident holder, to the extent that the holder is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities.

Notwithstanding anything to the contrary contained herein, the Issuer (and any other person making payments on behalf of the Issuer) shall be entitled to withhold and deduct any amounts required to be deducted or withheld pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to (i) Sections 1471 through 1474 of the Code, or (ii) any regulations thereunder or official interpretations thereof, or (iii) an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof, or (iv) any law implementing such an intergovernmental agreement (any such withholding or deduction, a “**FATCA Withholding**”), and no person shall be required to pay any additional amounts in respect of FATCA Withholding.

## **8.2 Additional Amounts**

Any reference in these Conditions to any amounts in respect of the Securities shall be deemed also to refer to any Additional Amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

## **9 Prescription**

The Securities and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment within periods of 10 years (in the case of principal) and 5 years (in the case of interest) from the Relevant Date in respect of the Securities or, as the case may be, the Coupons, subject to the provisions of Condition 5. There shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue under this Condition or Condition 5.

## **10 Enforcement on the Liquidation Event Date and No Events of Default**

### **10.1 No Events of Default**

There are no events of default in relation to the Securities.

On the Liquidation Event Date, the Securities will become due and payable at an amount equal to their principal amount, together with any outstanding interest accrued up to (but excluding) the Liquidation Event Date and any outstanding Arrears of Interest.

On or following the Liquidation Event Date, no payments will be made in relation to the Junior Securities of the Issuer before all amounts due, but unpaid, on the Securities have been paid by the Issuer.

### **10.2 Enforcement on the Liquidation Event Date**

On or following the Liquidation Event Date, the Trustee at its sole discretion and subject to Condition 10.3 may (subject to its being indemnified and/or secured and/or prefunded to its satisfaction), institute steps in order to obtain a judgment against the Issuer for any amounts due in respect of the Securities, including the institution of Insolvency Proceedings against the Issuer or the filing of a proof of claim and participation in any Insolvency Proceedings or proceedings for the liquidation, dissolution or

winding-up of the Issuer (in which Insolvency Proceedings, liquidation, dissolution or winding-up the Securities shall immediately be due and payable at their principal amount together with any accrued but unpaid interest up to (but excluding) the date on which the Securities become so due and payable and any outstanding Arrears of Interest).

### **10.3 Enforcement by the Trustee**

- (a) Subject to sub-paragraph (b) below, the Trustee may at its discretion and without further notice, take such steps, actions or proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Securities and the Coupons, but in no event shall the Issuer, by virtue of the initiation of any such steps, actions or proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.
- (b) The Trustee shall not be bound to take any action referred to in Conditions 10.2 or 10.3(a) above or any other action or steps under or pursuant to the Trust Deed, the Securities or the Coupons unless (a) it has been so directed by an extraordinary resolution of the Securityholders or so requested in writing by the holders of at least one-quarter in principal amount of the Securities then outstanding and (b) it has been indemnified and/or secured and/or prefunded to its satisfaction.

### **10.4 Enforcement by the Securityholders**

No Securityholder or Couponholder shall be entitled to proceed directly against the Issuer or to institute any Insolvency Proceedings against the Issuer or to file a proof of claim and participate in any Insolvency Proceedings or institute proceedings for the liquidation, dissolution or winding-up of the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing, in which case the Securityholder or Couponholder shall have only such rights against the Issuer as those which the Trustee would have been entitled to exercise pursuant to this Condition 10.

### **10.5 Limitation on remedies**

No remedy against the Issuer, other than as referred to in this Condition 10, shall be available to the Trustee, the Securityholders and the Couponholders, whether for the recovery of amounts due in respect of the Securities or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Securities, the Coupons and the Trust Deed.

## **11 Replacement of Securities and Coupons**

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

## **12 Notices**

All notices regarding the Securities will be deemed to be validly given (a) if published in a leading English language daily newspaper of general circulation in London and Ireland (it is expected that such publication will be made in the *Financial Times* in London and the *Irish Times* in Ireland) and (b) if and for so long as the Securities are admitted to trading on, and listed on the Euronext Dublin, on the Euronext Dublin's website, [www.ise.ie](http://www.ise.ie). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange (or any other relevant authority) on which the Securities are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication. If publication as provided above is not practicable, notice will be given

in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notices given to the Securityholders in accordance with this paragraph.

## **13 Meetings of Securityholders, Modification, Waiver, Authorisation, Determination and Substitution of the Issuer**

### **13.1 Meetings of Securityholders**

The Trust Deed contains provisions consistent with the laws, legislation, rules and regulations of the Republic of Italy (including without limitation Legislative Decree No. 58 of 24 February 1998, as amended) for convening meetings of the Securityholders to consider any matter affecting their interests, including any modifications of the Conditions or of any provisions of the Trust Deed.

According to the laws, legislation, rules and regulations of the Republic of Italy, such meetings will be validly held as a single call meeting or, if the Issuer's by-laws provide for multiple calls, as a multiple call meeting, if (i) in the case of a single call meeting, there are one or more persons present, being or representing Securityholders holding at least one-fifth of the aggregate nominal amount of the Securities, for the time being outstanding, or such a higher quorum as may be provided for in the Issuer's by-laws, or (ii) in the case of a multiple call meeting, (a) there are one or more persons present being or representing Securityholders holding not less than one-half of the aggregate nominal amount of the Securities, for the time being outstanding; (b) in case of an adjourned meeting, there are one or more persons present being or representing Securityholders holding more than one-third of the aggregate nominal amount of the Securities for the time being outstanding; and (c) in the case of any further adjourned meeting, there are one or more persons present being or representing Securityholders holding at least one-fifth of the aggregate nominal amount of the Securities for the time being outstanding, provided that the Issuer's by-laws may in each case (to the extent permitted under the applicable laws and regulations of the Republic of Italy) provide for a higher quorum.

The majority to pass a resolution at any meeting (including, where applicable, an adjourned meeting) will be at least two-thirds of the aggregate nominal amount of the outstanding Securities represented at the meeting; provided however that (A) certain proposals, as set out in Article 2415 of the Italian Civil Code (including, for the avoidance of doubt, (a) any modification of the method of calculating the amount payable or modification of the date fixed for redemption or any date for payment of interest or, where applicable, of the method of calculating the date of payment in respect of any principal or interest in respect of the Securities or change of the subordination provisions of the Trust Deed and (b) any alteration of the currency in which payments under the Securities are to be made or the denomination of the Securities) may only be sanctioned by a resolution passed at a meeting of the Securityholders by the higher of (i) one or more persons holding or representing not less than one half of the aggregate nominal amount of the outstanding Securities, and (ii) one or more persons holding or representing not less than two thirds of the Securities represented at the meeting and (B) the Issuer's by-laws may in each case (to the extent permitted under applicable Italian law) provide for higher majorities.

Resolutions passed at any meeting of the Securityholders shall be binding on all Securityholders, whether or not they are present at the meeting, and on all Couponholders. In accordance with the Italian Civil Code, a *rappresentante comune*, being a joint representative of Securityholders, may be appointed in accordance with Article 2417 of the Italian Civil Code in order to represent the Securityholders' interest hereunder and to give execution to the resolutions of the meeting of the Securityholders.

### **13.2 Substitution of the Issuer**

- (a) The Trustee may, without the consent of the Securityholders or the Couponholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition 13.2) as the principal debtor under the Securities, Coupons and the Trust Deed of another company, being any entity that will succeed to, or to which the Issuer (or those of any previous substitute under this Condition 13.2) will transfer, all or substantially all of its assets and business (or any previous substitute under this Condition 13.2) by operation of law, contract or otherwise, subject to (i) the Trustee being satisfied that such substitution does not result in the substituted issuer having an entitlement, as at the date on which such substitution becomes effective, to redeem the Securities pursuant to Conditions 6.3, 6.4, 6.5 or 6.6, and (ii) certain other conditions set out in the Trust Deed being satisfied.
- (b) The Issuer has covenanted in the Trust Deed that, for so long as the Securities remain outstanding, it will not consolidate or merge with another company or firm or sell or lease all or substantially all of its assets to another company unless (i) if the Issuer merges out of existence or sells or leases all or substantially all of its assets, the other company assumes all the then-existing obligations of the Issuer (including, without limitation, all obligations under the Securities and the Trust Deed), either by law or contractual arrangements and (ii) certain other conditions set out in the Trust Deed are complied with.
- (c) As long as the Securities are admitted to trading on the regulated market of Euronext Dublin and/or listed on the official list of Euronext Dublin, in the case of such a substitution, the Issuer will give notice of any substitution pursuant to Condition 13.2(a) above to Euronext Dublin and, as soon as reasonably practicable but in any event not later than 30 calendar days after the execution of such documents required by, and the compliance with such other requirements of, the Trust Deed in connection with the substitution, notice of such substitution will be given to the Securityholders by the Issuer in a form previously approved by the Trustee in accordance with Condition 12, in which event the substitution shall be conclusive and binding on the Securityholders and the Couponholders.

### **13.3 Waiver, authorisation, determination and exercise by the Trustee of discretions etc.**

The Trustee may agree, without the consent of the Securityholders or Couponholders, to any modification (except as mentioned in the Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Securities or the Trust Deed where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Securityholders so to do or may agree, without any such consent as aforesaid, to any modification which is, in the opinion of the Trustee, of a formal, minor or technical nature or to correct an error which is manifest). Any such modification, waiver, authorisation or determination shall be binding on the Securityholders and the Couponholders and, unless the Trustee otherwise agrees, any such modification shall be notified to the Securityholders in accordance with Condition 12 as soon as practicable thereafter.

### **13.4 Trustee to have Regard to Interests of Securityholders as a Class**

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Securityholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Securityholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Securityholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and the Trustee shall not be entitled to require, nor shall any Securityholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax

consequences of any such exercise upon individual Securityholders or Couponholders except to the extent already provided for in Condition 8 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

## **14 Indemnification of the Trustee and its Contracting with the Issuer**

### **14.1 Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

### **14.2 Trustee Contracting with the Issuer**

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any Subsidiary and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any Subsidiary, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Securityholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

## **15 Further Issues**

The Issuer is at liberty from time to time without the consent of the Securityholders or Couponholders to create and issue further securities or bonds (whether in bearer or registered form) either (a) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding securities or bonds of any series (including the Securities) constituted by the Trust Deed or any supplemental deed or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. Any further securities or bonds which are to form a single series with the outstanding securities or bonds of any series (including the Securities) constituted by the Trust Deed or any supplemental deed shall, and any other further securities or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Securityholders and the holders of securities or bonds of other series in certain circumstances where the Trustee so decides.

## **16 Governing Law and Submission to Jurisdiction**

### **16.1 Governing Law**

The Trust Deed, the Securities and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Securities and the Coupons are governed by, and shall be construed in accordance with, English law, except for Conditions 3.1 and 3.2, which shall each be governed by Italian law. Condition 13.1 and the provisions of the Trust Deed concerning the meeting of Securityholders and the appointment of the *rappresentante comune* in respect of the Securities are subject to compliance with Italian law.

### **16.2 Jurisdiction of English Courts**

The Issuer has, in the Trust Deed, irrevocably agreed for the benefit of the Trustee, the Securityholders and the Couponholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Securities or the Coupons (including any disputes relating to any non- contractual obligations which may arise out of or in connection with

the Trust Deed, the Securities or the Coupons) and accordingly has submitted to the exclusive jurisdiction of the English courts.

The Issuer has, in the Trust Deed, waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.

### **16.3 Appointment of Process Agent**

The Issuer has, in the Trust Deed, irrevocably and unconditionally appointed Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom as its agent for service of process and undertakes that, in the event of Law Debenture Corporate Services Limited ceasing so to act or ceasing to be registered in England, it will appoint another person approved by the Trustee as its agent for service of process in England in respect of any proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

## **17 Rights of Third Parties**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any of these Conditions or any other term of this Security, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## DESCRIPTION OF THE ISSUER

Please refer to the information on ENEL and the ENEL Group in the documents incorporated herein by reference as set out in the “*Incorporation by Reference*” section.

### Shareholders

As of the date of this Offering Circular, the principal shareholder of ENEL is the Ministry of Economy and Finance of the Republic of Italy (the “MEF”) which owns 23.585% of ENEL’s shares.

The following table sets forth the number of shares and the percentage of the main shareholder.

Name	Share (%)	Ownership (Number)
The Ministry of Economy and Finance of the Republic of Italy	23.585	2,397,856,331

As of the date of this Offering Circular, based on the shareholders’ register and the notices submitted to CONSOB and received by ENEL pursuant to Article 120 of the Financial Services Act and the CONSOB Issuers’ Regulation adopted with resolution no. 11971/1999, as well as other available information, shareholders with an interest of more than 3%<sup>1</sup> in the Company’s share capital were the Ministry for the Economy and Finance of the Republic of Italy (with a 23.585% stake), BlackRock Inc. (with 5.081% stake held for non discretionary asset management purposes) and Capital Research and Management Company (with a 5.03% stake held for discretionary asset management purposes). In implementing the provisions of the legal framework on privatizations, the Company bylaws provide that – with the exception of the government, public bodies, and parties subject to their respective control – no shareholder may own, directly and/or indirectly, ENEL shares representing more than 3% of its share capital. Voting rights attributable to shares held in excess of the aforesaid limit shall not be exercised.

As of the date of this Offering Circular, ENEL is subject to the de facto control of the MEF, which has sufficient votes to exercise a dominant influence at ENEL’s ordinary shareholders’ meetings, pursuant to Article 93 of the Financial Services Act. Pursuant to Article 19, paragraph 6, of Decree Law No. 78/2009 (subsequently converted into Law No. 102/2009), the discipline concerning management and co-ordination of companies outlined in Article 2497 of the Italian Civil Code is not applicable to the MEF.

Since 1999, ENEL is listed on the mercato telematico azionario, a stock exchange regulated and managed by Borsa Italiana S.p.A. (“MTA”). As of the date of this Offering Circular, ENEL’s share capital amounted to €10,166,679,946 fully paid-in and divided into 10,166,679,946 ordinary shares with a nominal value of €1 each.

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<sup>1</sup> On 9 April 2020, CONSOB adopted Resolution No. 21326 establishing that pursuant to Article 120, paragraph 2-*bis* of the Financial Services Act, for a three month period starting from 11 April 2020, shareholders with an interest of more than 1%’s share capital in a listed company must submit a notice to CONSOB and the relevant company, disclosing such shareholding. On 8 July 2020, CONSOB adopted Resolution No. 21434 extending the above obligation for a further three months period starting from 12 July 2020. Therefore, according to the above mentioned resolutions, as of the date of this Offering Circular, the Company has received the following notices by the following shareholders with an interest of more than 1% in the Company’s share capital: (i) Norges Bank (with a 2.573% stake) and (ii) Banca d’Italia (with a 1% stake).



## **Recent Significant Transactions and Developments**

### ***Tender Offer***

On 1 September 2020, the Issuer launched a tender offer for the purchase of the outstanding £500,000,000 Capital Securities due 2076 (ISIN: XS1014987355) (the “**Tender Offer Existing Securities**”), with a first call date of 15 September 2021 (the “**Tender Offer Existing Securities First Call Date**”) for cash at a fixed spread of +90 bps (the “**Tender Offer**”). The condition to the Issuer’s acceptance for purchase of any Tender Offer Existing Securities validly tendered in the Tender Offer (subject to the right of the Issuer to amend and/or terminate the Tender Offer) is subject to the issue of the Securities. The Tender Offer commenced on 1 September 2020 and is expected to expire on or about 7 September 2020 (the “**Tender Offer Expiration Deadline**”) and holders who participate in the Tender Offer prior to the Tender Offer Expiration Deadline and whose Tender Offer Existing Securities are accepted for repurchase by the Issuer will receive the tender consideration on or about the Issue Date. All or part of the net proceeds of the issue of the Securities may be used by the Issuer to fund the Tender Offer. See “Use of Proceeds”.

Pursuant to a dealer manager agreement dated 1 September 2020 (the “**Tender Offer Dealer Manager Agreement**”), the Joint Lead Managers have agreed to act as dealer managers in relation to the Tender Offer. In the Tender Offer Dealer Manager Agreement, the Issuer has agreed to reimburse the Joint Lead Managers for certain of their expenses, and has agreed to indemnify them against certain liabilities, incurred in connection with the Tender Offer.

## OVERVIEW OF THE ITALIAN INSOLVENCY LAW REGIME

Italian insolvency laws are applicable to the Issuer and, if certain requirements are met, the Issuer could become subject to any of the following insolvency proceedings:

- (a) bankruptcy (*fallimento*), which is governed by the provisions of Royal Decree No. 267 of March 16, 1942 (the “**Bankruptcy Law**”), as amended;
- (b) composition with creditors (*concordato preventivo*), which is also governed by the provisions of the Bankruptcy Law, as recently amended;
- (c) extraordinary administration for large insolvent companies (*amministrazione straordinaria delle grandi imprese insolventi*), which is governed by Legislative Decree No. 270 of 8 July 1999, as amended (“**Decree 270**”) and by certain provisions of the Bankruptcy Law; and
- (d) extraordinary administration for the industrial restructuring of large insolvent companies (*amministrazione straordinaria per la ristrutturazione industriale delle grandi imprese insolventi*), which is governed by Law Decree No. 347 of December 23, 2003, converted into law, with amendments, by Law No. 39 of 18 February 2004, as amended (“**Decree 347**”), as well as certain provisions of the Bankruptcy Law and the Decree 270. For businesses performing essential public services, such as the Issuer, this type of proceedings would also be subject to Law Decree 134 of 28 August 2008 (“**Decree 134**”).

Also, the Issuer could enter into the following procedures which, although disciplined by the Bankruptcy Law, are not generally qualified as insolvency procedures:

- (a) reorganization plans pursuant to Article 67, Paragraph 3(d) of Bankruptcy Law;
- (b) debt restructuring agreements pursuant to Article 182 bis of the Bankruptcy Law, as recently amended.

In addition to the above, certain public interest entities (including, inter alia, insurance companies, credit institutions and other financial institutions) are not technically subject to ordinary bankruptcy proceeding and may be subject to a specific insolvency proceeding called forced administrative liquidation procedure (*procedura di liquidazione coatta amministrativa*).

The proceedings indicated in paragraphs (a), (b) and (c) would be initiated by petition to the competent court. As to the proceedings indicated in paragraph (d): (i) pursuant to the Decree 270, the extraordinary administration for large insolvent companies (*amministrazione straordinaria delle grandi imprese insolventi*), would be initiated by petition for the declaration of insolvency to the competent court that, after the assessment of the insolvency status and the existence of concrete perspectives for the restructuring of the insolvent company, may open the proceeding, in which is involved also the Ministry of Economic Development; and (ii) in the case of an extraordinary administration to which Decree 134 would apply, the proceeding would be initiated by the debtor company that shall submit a joint request, in the form of a motivated and well-documented application, to both (x) the Ministry of Economic Development so that it admits the insolvent company to the extraordinary administration proceeding; and (y) the competent court so that it declares the company’s insolvency. For the companies operating in the businesses performing essential public services sector, the extraordinary administration for the industrial restructuring of large insolvent companies (*amministrazione straordinaria per la ristrutturazione industriale delle grandi imprese insolventi*) may be commenced directly by decree of the Italian Prime Minister or the Minister of Economic Development.

The opening of the forced administrative liquidation procedure (*procedura di liquidazione coatta amministrativa*) is ordered by the competent Ministry on the proposal of the supervisory authority of the economic sector in which the entity operates.

Below is a summary of certain relevant features of each type of proceedings. For the sake of clarity, the following analysis will focus on the Italian insolvency laws already applicable and into force as the date hereof.

- (a) *Bankruptcy*: Pursuant to the Bankruptcy Law, a company may be declared bankrupt recurring two requirements: (i) an objective requirement, which is met if any of the following thresholds are met: (a) annual balance sheet assets (*attivo patrimoniale*) greater than Euro 300,000 in the last three financial years (from the date on which the petition for bankruptcy was filed) or from the establishment of the company if it has been incorporated less than three years before the petition for bankruptcy; (b) annual gross proceeds (*ricavi lordi*) greater than Euro 200,000 over the last three financial years (from the date on which the petition for bankruptcy was filed) or from the establishment of the company if it has been incorporated less than three years before the petition for bankruptcy; or (c) indebtedness (including debt that is not overdue and payable) greater than Euro 500,000; and (ii) a subjective requirement, which is met when a company carries out a commercial activity and is “insolvent”. Under Italian law the concept of insolvency is defined as the inability of the debtor to regularly settle its obligations as they become due. A debtor can be declared bankrupt (*fallito*) (either by its own initiative or upon the initiative of any of its creditors or of the public prosecutor) if it is insolvent (i.e. it is unable to regularly pay its debts as they fall due). As a consequence of the declaration of bankruptcy, the debtor loses control over all its assets and over the management of its business which is taken over by a court-appointed receiver (*curatore fallimentare*). Once the bankruptcy proceeding is commenced, no enforcement and interim proceedings can be brought or continued against the debtor over the assets included in the bankruptcy estate.

Moreover, all action brought and proceedings already initiated by creditors are automatically stayed, any act (including payments, pledges and issuances of guarantees) made by the debtor, other than those made through the receiver, after (and in certain cases even before for a limited period of time) a declaration of bankruptcy with respect to the creditors is (or could be if made before) ineffective; also, under Italian law, there are claw-back provisions that may lead to, *inter alia*, the revocation of payments made or security interests granted or transactions entered into by the debtor before the declaration of bankruptcy. Bankruptcy Law distinguishes between acts or transactions carried out in the two years before the declaration of bankruptcy, which are automatically considered ineffective vis-à-vis the creditors, and acts or transactions which may be clawed back in case they have been performed within either one year or six months before the declaration of bankruptcy. The first category, disciplined by Articles 64 and 65 of the Bankruptcy Law includes, for example, transactions entered into under no consideration and advanced payments of debts falling due on the day of the declaration of insolvency or thereafter. The second category, disciplined by Article 67 of the Bankruptcy Law, includes, for instance transactions entered into for consideration in case the value of the debts or of the obligations undertaken by the debtor exceeds by 25% the value of the consideration received by and/or promised to the debtor, payments of due and payable debts which were not paid in cash or by other customary means of payment in the year preceding the declaration of bankruptcy, granting of liens for pre-existing debts not yet due and payable, granting of liens for debts due and payable (whose suspect period is reduced to six months, instead of one year) (in these cases, it is the creditor the one bearing the burden to prove that it had no actual or constructive knowledge of the debtor’s insolvency at the time the transaction was entered into) the “ordinary course” of transactions (*i.e.* conveyances for adequate consideration, payment of due debts, and granting of security interests securing debts (even those of third parties) simultaneously incurred) if made during the six months preceding the declaration of bankruptcy (in this cases, the receiver will need

to give evidence that the creditor had actual or constructive knowledge of the debtor's insolvency at the time the transaction was entered into).

In addition to the above, under Article 66 of the Bankruptcy Law, which refers to Article 2901 of the Italian Civil Code (that – in turn - provides for a general and ordinary claw back action (*revocatoria ordinaria*) – that may be brought against the debtor (and its counterparty) also in case no bankruptcy proceedings are pending), acts by which the debtor disposes of its assets (other than payments of due and payable amounts) may be clawed back if the receiver in bankruptcy can prove that the debtor was aware of the prejudice that such act would cause to its creditors (including future creditors, to the extent that the act was made in order to create such prejudice) and, to the extent that the act was non-gratuitous act, the counterparty was aware of such prejudice.

Certain specific transactions are exempted from the claw-back and set-aside actions, including, but not limited to: (i) payment of goods and services made in the ordinary course of business on customary market terms and conditions; (ii) payment of salaries to employees; and (ii) transactions, payments, guarantees and securities in the context of a restructuring plan certified by an expert pursuant to Article 67, paragraph 3, let. (d) of the Bankruptcy Law, a Court-supervised composition with creditors or a debt restructuring agreement pursuant to Article 182bis of the Bankruptcy Law ratified by the Court.

Continuation of business may be authorized by the court if an interruption would cause a prejudice, but only if the continuation of the company's business does not damage the creditors. The execution of certain contracts and/or transactions whose obligations have not been performed in full by both parties at the date in which bankruptcy is declared is suspended until the receiver decides whether or not take them over, unless differently provided for under the Bankruptcy Law.

As far as receivables vis-à-vis the bankruptcy proceedings are concerned, each creditor must lodge his claims with the competent court; the judge delegated by the court (*giudice delegato*), upon proposal of the receiver, will decide which claims are admitted to the statement of liabilities, for which amount they are admitted and whether the claims are to be qualified as secured or not. Each creditor may challenge (*opposizione*) the decision of the judge in front of the court. The same procedure applies also to individuals and entities claiming the right to obtain the restitution of assets. The sale of the borrower's assets is carried out by the receiver through public auctions in compliance with a liquidation program proposed by the receiver and approved by the creditors' committee. The Bankruptcy Law provides for the formation of a creditors' committee composed of three or five members, which consults with the receiver. These proceedings are ultimately aimed at the distribution of the proceeds of sale of the debtor's assets among creditors admitted to the statement of liabilities, in accordance with statutory priority. Under Italian law neither the debtor nor the court can deviate from the rules of statutory priority proposing alternative priorities of claims or subordinating specific claims on the basis of equitable principles. Consequently, contractually granted priorities such as those commonly provided for in intercreditor contractual arrangements may not be enforceable against Italian bankruptcy proceedings on the grounds that they may be considered inconsistent with mandatory provisions.

The Securityholders would not have a right as a class to appoint a representative to a creditors' committee.

Bankruptcy proceedings can terminate prior to liquidation through a bankruptcy arrangement proposal with creditors. The relevant petition may be filed by one or more creditors or third parties immediately after the declaration of bankruptcy, whereas the debtor (or its subsidiaries) are allowed to file such proposal only after one year following the declaration but within two years from the decree granting effectiveness to the bankruptcy's estate. The petition may provide for the subdivision of creditors into different classes (thereby proposing different treatments among the classes), debts' rescheduling and the

satisfaction of creditors' claims in any manner. The petition may provide for the possibility that secured claims are paid only in part. The *concordato fallimentare* proposal must be approved by the creditors' committee and the creditors holding the majority of claims (and, if classes are formed, by a majority of the claims in a majority of the classes). Secured creditors are not entitled to vote on the proposal of *concordato fallimentare*, unless (i) they waive their security; or (ii) the *concordato fallimentare* provides that they will not receive full satisfaction of the fair market value of their secured assets (please note that such value must be assessed by an independent expert), in which case they can vote only in respect of the portion of their debt affected by the proposal. Final court confirmation is also required.

(b) *Composition with creditors*: prior to the declaration of bankruptcy, a debtor that is insolvent or in a situation of crisis (e.g., facing financial difficulties which do not yet amount to insolvency) may file for a composition with creditors by submitting to the competent court a plan for the composition with its creditors which may provide, *inter alia*, for:

- the restructuring of debts and the satisfaction of creditors in any manner even through assignments of debts, assumption (*accollo*) or extraordinary transactions, including the issue of shares, quotas, bonds (also convertible into shares) or other financial instruments and securities;
- the assumption of all debts and assets by a of a third-party (which may also be a creditor); tax settlement for the partial or deferred payment of certain taxes;
- the division of the creditors into different classes; and/or
- different treatments for creditors belonging to different classes.

The petition must be accompanied and supported by a restructuring plan proposed to the creditors and by an independent expert report assessing, *inter alia*, the feasibility of the arrangement proposal and the truthfulness of the business data on which the plan is grounded. After the filing, the petition is published by the court in the companies' register. Between the publishing in the companies' register of the proposal for composition with creditors and its homologation by the court, the debtor enjoys an automatic stay of actions. In addition, mortgages registered within 90 days preceding the date on which the petition for is published in the companies' register are ineffective vis-à-vis pre-existing creditors. In case continuation of business is provided for, the report of the independent expert shall also certify that it will ensure a higher satisfaction of creditors' claims than other insolvency proceedings.

The court determines whether the proposal for the composition is admissible, in which case the court, *inter alia*, delegates a judge to follow the procedure, appoints one or more judicial officers (*commissari giudiziali*) and calls the creditors' meeting.

In accordance with article 177 of the Bankruptcy Law, the composition with creditors is considered approved by the creditors if it is approved, at the creditors meeting or within 20 days thereafter, by the majority of the creditors entitled to vote (and, in case of different classes of creditors, also by the majority of the creditors within each class). The court may also approve the composition with creditors in case of challenges brought by dissenting creditors; please consider that the convenience of the composition with creditors may only be challenged by dissenting creditors pertaining to one or more dissenting classes or, in case of a sole class, by dissenting creditors representing at least 20 per cent. of the credits admitted to the vote. In such case, the composition with creditors may nevertheless be approved if the court deems that the composition with creditors would satisfy the interests of the dissenting creditors for an amount not less than that which would have been achieved under other practicable solutions.

The debtor is allowed to carry out urgent extraordinary transactions only upon the prior court's authorization, while ordinary transactions may be carried out without authorization. Third-party claims,

related to the interim acts legally carried out by the debtor, are preferred pursuant to Article 111 of the Bankruptcy Law.

Law Decree 83/2015, as amended by Law 132/2015, introduced the possibility for creditors (except for individuals or entities controlled, controlling or under common control of the debtor) holding at least 10% of the aggregate claims against a debtor to present an alternative proposal and plan to the debtor's proposal, subject to certain conditions being met, including, in particular, that the proposal of the debtor does not ensure recovery of at least (i) 40% of the unsecured claims in case of proposal for composition with creditors with liquidation purpose; or (ii) 30% of the unsecured claims in case of proposal for composition with creditors based on the continuation of the going concern.

In addition, in order to strengthen the position of the unsecured creditors, Law 132/2015 sets forth that, in order to be admissible, composition with creditors with liquidation purpose must ensure that the unsecured creditors are paid in a percentage of at least 20% of their claims. This provision does not apply to composition with creditors based on the continuation of the going concern. To the extent the alternative plan is approved by the creditors and homologated, the court may grant special powers to the judicial commissioner to implement the plan if the debtor does not cooperate, including by taking all corporate actions required.

In addition, Article 163-bis of the Bankruptcy Law, introduced by Law Decree 83/2015, as amended by Law 132/2015, provides that, if the plan includes an offer for the sale of the debtor's assets or of the debtor's going concern (or of parts of it) to a specific third party, the court must open a competitive bidding process concerning the assets. After the creditors' approval, the court (after having settled possible objections raised by the dissenting creditors, if any) must confirm the proposal for composition with creditors issuing a confirmation order. If the approval fails, the court may, upon request of the public prosecutor or a creditor and after having ascertained the condition for declaration of bankruptcy, declare the company bankrupt.

The provisions of Article 161, 6th paragraph of the Bankruptcy Law, as amended by Law 134 now allow a debtor to file a petition for admission to the composition with creditors (together with the financial statements of the last three financial years and the list of creditors with the reference to the amount of their respective receivables) asking the court to set a deadline of a maximum of up to 120 days (such term may be postponed for further 60 days in the presence of justified reasons) in order to file a composition plan for court approval or, as an alternative, to reach a court approved private restructuring as addressed by Article 182bis of the Bankruptcy Law. During such period, the debtor enjoys a stay of actions.

If the court accepts the pre-application, (i) it appoints a judicial commissioner to overview the company, who, if the debtor has carried out one of the activities under Article 173 of Bankruptcy Law (e.g., concealment of part of assets, omission to report one or more claims, declaration of non-existent liabilities or commission of other fraudulent acts), shall report it to the court, which, upon further verification, may reject the petition at court for composition with creditors; and (ii) sets forth reporting and information duties of the debtor during the above mentioned period; please note that the debtor is mandatorily required to file, on a monthly basis, the company's financial position, which is published, the following day, in the companies register. Non-compliance with these requirements results in the application for the composition with creditors being declared inadmissible and, upon request of the creditors or the public prosecutor and provided that the relevant requirements are verified, in the adjudication of the distressed issuer(s) into bankruptcy. The debtor cannot file such pre-application in case it filed a pre-petition in the previous two years without the admission to the composition with creditors (or the homologation of a debt restructuring agreement) having followed.

If the activities carried out by the debtor company appear to be clearly inappropriate to the preparation of the application and the restructuring plan, the court may, *ex officio*, after hearing the debtor and – if appointed – the judicial commissioner, reduce the time for the filing of additional documents. Following the filing of the pre-application and until the decree of admission to the composition with creditors, the distressed company may (i) carry out acts pertaining to its ordinary activity and (ii) seek the court’s authorization to carry out acts relating to its extraordinary activity, to the extent they are urgent.

Claims arising from acts lawfully carried out by the distressed company are treated as super senior (*prededucibili*) pursuant to Article 111 of the Bankruptcy Law and the related acts, payments and security interests granted are exempted from the claw-back action provided under Article 67 of Bankruptcy Law.

The procedure of the composition with creditors will end with a decree which is to be issued by the competent court. If the court or the creditors reject the offer, to the extent the relevant conditions are met, the entrepreneur may be declared bankrupt by the court upon petition by any creditor and/or by the public prosecutor.

For the analysis of the rules regulating the new financial resources please see the specific section under paragraph (e) below.

- (c) *Extraordinary administration*: Decree 270 introduced a specific extraordinary administration proceeding, otherwise known as the “Prodi-*bis*” (the “**Prodi-bis procedure**”), applicable to insolvencies of major companies (the “**Extraordinary Administration**”).

The aim of the Prodi-*bis* procedure is to ensure continuation of the business operated by the debtor by either enabling the same to regain the ability to meet its obligations in the ordinary course of business by the end of the procedure or by transferring the business (on a going concern basis) to third parties.

To qualify for the Prodi-*bis* procedure, the company must have:

- employed at least 200 employees in the year before the procedure was commenced; and
- debts equal to at least two-thirds of the value of its assets as shown in its financial statements and two-thirds of income from sales and the provision of services during the last financial year.

Insolvent companies, belonging to the group of a company that qualifies for the Prodi-*bis*, may be submitted to the Prodi-*bis*, if certain conditions are met, also if they do not qualify per-se for the Prodi-*bis*.

The Prodi-*bis* procedure is divided into two main phases:

- following a petition, (which may be filed by one or more creditors, the debtor or the public prosecutor), the court will determine whether the company meets the criteria for admission and, in particular whether the company is insolvent. If the company is insolvent, the court will issue a decision to that effect and appoint one or three judicial receiver(s) to evaluate whether the business has serious prospects of recovery (either through a sale of assets or a reorganisation of its business) and to report back to the court within 30 days. Following receipt of the report of the judicial receiver, the court has a further 30 days to decide whether to admit the company to the Extraordinary Administration procedure or place it into bankruptcy;
- once the Extraordinary Administration procedure has been approved, the extraordinary commissioner(s) appointed by the Minister of Economic Development shall prepare a plan (the “Recovery Plan”), to be approved by the Minister of Economic Development, for either: (i) a full asset liquidation by means of the sale of the company businesses as going concerns within one year or (ii) a reorganisation of the business leading to the economic and financial recovery of the

company or group within two years, in each case, unless extended by the Minister of Economic Development.

The proceedings are administered by the extraordinary commissioner(s) who acts under the supervision of the Minister of Economic Development. While unsecured creditors may appoint one or two members to the supervisory committee for the proceedings, the majority of the supervisory committee, and also the chair, will be appointed by the Minister of Economic Development.

Once the Extraordinary Administration procedure has been approved, the principal effects are as follows:

- the company continues to carry out its business and debts incurred during the Extraordinary Administration are treated as priority claims which rank ahead of the claims of creditors whose rights accrued prior to the commencement of the Extraordinary Administration procedure and may be paid as they fall due;
- the Extraordinary Commissioner(s) is/are entitled to terminate pending contracts to which the company is a party.

Furthermore, in the context of the *Prodi-bis* a debt restructuring plan is approved exclusively by the Minister of Economic Development but is not subject to any vote by creditors.

Decree 347 introduced a specific extraordinary set of rules for companies meeting certain size requirements. Decree 347 is complementary to the *Prodi-bis* and except as otherwise provided in Decree 347, the provisions of the *Prodi-bis* shall apply. Decree 347 only applies to insolvent companies which, on a consolidated basis, have at least 500 employees in the year before the procedure was commenced and at least Euro 300 million of outstanding debt.

Under Decree 347, the decision whether to open the procedure is taken by the Minister of Economic Development that, upon request of the debtor (who at the same time must file with the relevant court an application for the declaration of its insolvency), assesses whether the relevant requirements are met and if such requirements are met appoints the extraordinary commissioner(s). The extraordinary commissioner(s) immediately becomes responsible for the management of the company. The court decides on the insolvency of the company.

Within 180 days of his appointment (or 270 days if so agreed by the Minister of Economic Development) the extraordinary commissioner(s) must submit a plan for the rescue of the business by way of an asset liquidation or restructuring to the Minister of Economic Development for approval and at the same time must file with the competent court a report on the state of the business.

A restructuring plan proposed in the context of proceedings subject to Decree 347 may include a composition plan, with the possibility to divide creditors into classes, with different treatment applicable to creditors belonging to different classes and with proposals for a write-off of any obligations owed by the debtor and/or a conversion of debt securities (such as the Securities) into shares of the debtor company or any of its group companies. Decree 347 provides that a composition plan is approved by creditors according to the same majority voting rules as those which apply in the context of proceedings for composition with creditors, as described above. If the restructuring plan is not approved by the Minister of Economic Development, the extraordinary commissioner(s) may propose a plan for the disposal of the assets. If the asset disposal program is not approved, the company is to be placed into liquidation.

Where Decree 134 applies to an extraordinary administration, its purpose is broadly to widen the powers of sale. For this purpose, the insolvency administrator is granted powers to identify and compose lines of business or partial lines of business, even if not pre-existing, which may be made subject to sale.



- (d) *Reorganization plan pursuant to Article 67, Paragraph 3(d) of the Bankruptcy Law*: the procedure at hand is based on a reorganization plan drafted by the debtor for the purpose of restructuring its indebtedness and ensuring the recovery of its financial equilibrium; the feasibility of reorganization plans (*i.e.* their suitability to ensure the above mentioned objectives) must be assessed by an independent expert directly appointed by the debtor, together with the truthfulness of debtor's business (and accounting) data. The expert can only be selected and appointed among those possessing certain specific professional requisites and qualifications (e.g., being registered in the auditors' registrar) and meeting the requirements under Article 2399 of the Italian Civil Code. The expert may be subject to liability in case of misrepresentation or false certification.

Reorganization plans are not subject to any form of judicial control or approval and, therefore, no application for approval must be filed. Reorganization plans do not require to be approved by a specific majority of outstanding claims either. The entering into a reorganization plan does not determine the entrusting of debtor's business to another entity.

Terms and conditions of reorganization plans are freely negotiable; on the other hand, they do not offer the debtor any protection against enforcement proceedings and/or precautionary actions of third party creditors.

The Bankruptcy Law provides that, should these plans fail, and the debtor be declared bankrupt, payments and/or acts carried out for, and/or security interest granted for, the implementation of the reorganization plan, subject to certain conditions (i) are not subject to claw-back actions; and (ii) are exempted from the application of certain criminal sanctions. Neither ratification by the court nor publication in the companies' register are needed (although, upon request of the debtor, reorganization plans can be published in the relevant companies' register and such publication may trigger, upon precise circumstances, certain tax implications).

- (e) *Debt restructuring agreements pursuant to Article 182bis of the Bankruptcy Law*: Article 182bis of the Bankruptcy Law deals with agreements between the debtor and creditors representing at least 60 per cent of outstanding claims, but subject to court homologation. Since external creditors remain extraneous to the restructuring plan, a report is required to be provided by an independent expert as to feasibility, particularly with relevance to the ability of the debtor to continue to satisfy non-participating creditors. Changes introduced to the Bankruptcy Law allow the debtor a term of 120 days to make payment of outstanding claims of non-participating creditors; the term is to be counted from (i) the homologation of the debt restructuring agreement by the court, in case the relevant claims are already due and payable to the non-participating creditors as at the date of the homologation by the court; or (ii) from the date on which the relevant debts fall due, in case the claims are not yet due and payable to the non-participating creditors as of the date of the homologation. The debt restructuring agreements pursuant to Article 182bis of the Bankruptcy Law may also contain, *inter alia*, a proposed tax settlement for the partial or deferred payment of certain taxes.

Article 182bis of the Bankruptcy Law also specifies that from the date of publication of the court approved plan in the companies' registry creditors are prohibited from initiating or pursuing interim and/or executory actions against the debtor or his assets for a period of 60 days.

Moreover, as in the case of the composition with creditors, the debtor is allowed to petition the court for a stay on rights of enforcement even prior to the final restructuring agreement being filed, provided that, among other required documentation, an affidavit of the debtor is filed by the debtor attesting that negotiations are ongoing with creditors representing at least 60 per cent of outstanding claims and a declaration by an independent expert attests to the feasibility of such plan.

The application for the automatic stay of actions must be published in the companies' register and becomes effective as of the date of publication. The court, having verified the completeness of the documentation, sets the date for the hearing within 30 days from the filing and orders the company to file the relevant documentation in relation to the moratorium to the creditors. During the hearing, the court assesses whether the conditions provided for by the law exist and, if they do, orders the stay of actions and sets the deadline within which the debtor must file the debtor restructuring agreement. The court's order may be challenged within 15 days of its publication.

Without prejudice to the effect of the stay, the debtor may file a petition of composition with creditors within the deadline set by the court.

Creditors may challenge the agreement within 30 days from the publication in the companies' register. After having settled the oppositions (if any) the court will validate the agreement issuing a decree, which can be appealed within 15 days of its publication.

It may be worth noting that, pursuant to the new Article 182-septies of Italian Law Decree 83/2015, as amended by Law 132/2015, in case debts accrued towards banks and other financial institutions represent at least 50% of the overall indebtedness, the debtor may enter into debt restructuring agreements with financial creditors representing at least 75% of the aggregate financial claims of the relevant category and ask the court to declare such agreement binding on the non-adhering financial creditors belonging to the same category (so called "cram down"). Such effects are subject to certain conditions, including that all creditors (adhering and non-adhering) have been informed about the negotiations and have been allowed to take part to them in good faith. If the required conditions are met, upon the assessment of the fact that the remaining 25% of non-participating financial creditors have homogeneous judicial position and economic interest compared with the participating financial creditors, the Court may homologate the restructuring agreement and the non-adhering financial creditors belonging to the same class of creditors are crammed down. However, crammed down creditors can challenge the deal and refuse to be forced into it, for instance arguing that they have been incorrectly included in a specific class of creditors, since their juridical situation and their economic interests are not in line with those of the other creditors of the same class. Similarly, a standstill agreement entered into between a debtor and financial creditors representing 75% of that debtor's aggregate financial indebtedness would also be binding for non-participating financial creditors, provided that an independent expert certifies the homogeneity of the classes and subject to certain conditions being met. Such debt restructuring agreements and standstill agreements do not affect the rights of non-financial creditors (e.g. trade creditors) who cannot be crammed down and must be paid within 120 days (unless they adhere to a separate debt restructuring agreement with the debtor).

New financial resources: Article 182quater and Articles 182quinquies of the Bankruptcy Law apply both to debt restructuring agreements pursuant to Article 182bis of the Bankruptcy Law and composition with creditors.

Article 182quater provides that claims arising under loans with respect to either the implementation of a Court-ratified composition with creditors or a Court-ratified debt restructuring agreement pursuant to Article 182bis of the Bankruptcy Law are to be deemed super-senior (*prededucibili*) under Article 111 of the Bankruptcy Law. Under 182quater, super seniority also applies to claims arising under loans in anticipation of a filed application for composition with creditors or the application for the ratification of a restructuring agreement pursuant to Article 182bis, but only to the extent that: (i) the loans fall within either the plan underlying the composition with creditors or the debt restructuring agreement; and (ii) the Courts admits the company to the composition with creditors proceeding or ratifies the debt restructuring agreement expressly recognizing the super-seniority of such loans. Same provisions apply to financing granted by shareholders up to 80% of their amount.

Pursuant to Article 182quinquies of the Bankruptcy Law, the debtor, when making a request for admission to the composition with creditors proceeding or for the approval of a debt restructuring agreement (or of a proposal of debt restructuring agreement) may ask the Court for the authorization to execute new super-senior facility agreements provided that an expert (in possession of certain criteria), once it has verified the company's financial needs up until the approval from the Court, certifies that such facilities are aimed at the best resolution for the creditors. Such authorization may also concern facilities identified only by type and amount, the terms of which have not yet even been agreed upon, as well as the granting of a pledge, mortgage or the assignment of claims in order to secure the facilities themselves, provided that: (i) a debtor that has filed a request for admission to the composition with creditors proceeding with going concern is entitled to ask the Court to be authorized to pay credits for the supply of goods or services which have arisen prior to the composition with creditors proceeding, provided that it submits a specific certification made by an expert in possession of the criteria provided by the Bankruptcy Law. Such a certification will not be necessary in case of payments made up to an amount equal to the one granted to the debtor as new financial resources, that are not to be repaid or that are subordinated to the other creditors' claims; (ii) a debtor that has filed for an approval of a debt restructuring agreement or a proposal of a debt restructuring agreement pursuant to the Bankruptcy Law is entitled to ask the Court to be authorized, provided that the conditions listed under para (i) above are satisfied, to pay credits for supply of goods or services that have arisen prior to filing. In such a case, these payments will not be subject to claw-back action pursuant to the Bankruptcy Law.

Furthermore, Article 182quinquies of the Bankruptcy Law also provides that companies which have filed a petition for the composition with creditors under Article 161 paragraph 6 of the Bankruptcy Law or request for approval of a debt restructuring agreement (or a draft agreement) can be authorized by the Court to incur further indebtedness on an emergency basis provided it is required to meet urgent financing needs relating to the company's business. The Court can authorize such "new interim borrowings" in the absence of the professional report that is usually required to certify that the plan is viable in terms of maximizing creditor value. The authorization is subject to the petition for taking on such new interim borrowings: (i) specifying the use of proceeds, (ii) stating that other sources of finance are not available and (iii) stating that without such new finance the company would face imminent and irreparable financial damage. To mitigate the lack of professional report in relation to the restructuring proposals, the Court shall accept summary statements regarding the plan and the financing proposal based on evidence presented by the appointed insolvency official and the main creditors. These provisions also apply in circumstances when the debtor's request relates to the maintenance of an existing credit line.

- (f) *Forced administrative liquidation procedure (procedura di liquidazione coatta amministrativa)*: such proceeding is only available for certain public interest entities such as public entities (*enti pubblici*), insurance companies, credit institutions and other financial institutions, none of which can be wound up pursuant to bankruptcy proceedings. It is irrelevant whether these companies belong to the public or the private sector. The forced administrative liquidation procedure provides for the liquidation of the entity to be commenced and managed by the relevant administrative authority that oversees the industry in which the entity is active, while the possible litigation relating to the statement of liabilities and certain procedural matters are devolved to the competent Court. The procedure is governed by the Bankruptcy Law as well as the provisions contained in specific laws applicable to the entities subject to the forced administrative liquidation procedure. Such procedure may be triggered not only by the insolvency of the relevant entity, but also by other grounds expressly provided for by the relevant legal provisions (e.g., in respect of Italian banks, serious irregularities concerning the management of the bank or serious violations of the applicable legal, administrative or statutory provisions). The effect of this procedure is that the entity loses control over its assets and a liquidator (*commissario liquidatore*) is appointed to

wind up the company. The liquidator's actions are monitored by a steering committee (*comitato di sorveglianza*). The effect of the forced administrative liquidation procedure on creditors is largely the same as under bankruptcy proceedings and includes, for example, a ban on enforcement measures. The same rules set forth for bankruptcy proceedings with respect to existing contracts and creditors' claims largely apply to the forced administrative liquidation procedure.

#### *The Bankruptcy Law reform*

Pursuant to the principles set out in Law No. 155/2017, it has been enacted Legislative Decree no. 14/2019 (hereinafter the “**Code**”) which sets out, inter alia, an overall reform of the Bankruptcy Law.

Except for certain provisions which are applicable starting from 16 March 2019 (including, *inter alia*, with reference to certain organizational duties for Italian corporates), the Code had to apply in its entirety after the date falling 18 months after 14 February 2019 (*i.e.* 15 August 2020). However, following the outbreak of Covid-19, by means of the Law Decree No. 23/2020, the Italian Government has postponed the entry into force of the Code to 1 September 2021. Moreover, there are pending discussions about the adoption of a relevant number of amendments to the Code. Indeed, by means of the Law No. 20/2019, the Government has been delegated to adopt supplementary and corrective provisions to the Code. It shall be noted, however, that all the insolvency proceedings started before / pending as of 1 September 2021 will continue to be governed by the provisions of the Italian laws that are currently in force.

Moreover, special provisions have been enacted due to the outbreak of Covid-19 also in relation to insolvency proceedings, pursuant to Law No. 40/2020 (that enacted Italian Law Decree No. 23/2020). Such rules include, *inter alia*: (i) a 6-months extension for the fulfillment of obligations under composition with creditors (*concordato preventivo*) and debt-restructuring agreements under Article 182-bis of the Bankruptcy Law already homologated as of 23 February 2020; (ii) the possibility, subject to certain conditions, to amend/supplement composition with creditors (*concordato preventivo*) proposals or debt-restructuring agreement under Article 182-bis of the Bankruptcy Law still pending for homologation; (iii) the possibility, subject to certain conditions, to obtain an additional extension of the deadline set forth under Article 161 para. 6 of the Bankruptcy Law; and (iv) the possibility, upon certain requirements, to “switch” from composition with creditors (*concordato preventivo*) under Article 161 para. 6 of the Bankruptcy Law to a reorganization plan Bankruptcy Law.

#### *Alerts measures*

The Code provides for alert measures and early warning tools with the purpose to timely address distress and insolvency situations at an early stage by imposing reporting obligations on statutory auditors, auditors and certain public creditors (including tax authority, social security authority and tax collectors) vis-à-vis distress composition bodies to be set up at each Chamber of Commerce. A consultation procedure, or upon the debtor's request, an assisted restructuring procedure before a panel of experts to be appointed from time to time should be started with the purpose to assist the debtor in the management of the restructuring process.

In case the consultation procedure or the assisted restructuring procedure is not successful, and the debtor is deemed as insolvent, the public prosecutor will be informed in order to file for the opening of a judicial liquidation procedure.

#### *Judicial liquidation*

The Code provides that the term “bankruptcy” and any other word deriving therefrom shall be replaced by “judicial liquidation”. It also includes several innovations including in respect of, inter alia, the subjects entitled to file for the commencement of the judicial liquidation procedure, the procedure for the sale of the assets, the

procedure for the verification of liabilities, claw back rules and claw back exemptions, the regime for pending contracts and the regime for judicial liquidation (and for the composition with creditors).

#### *Definition of crisis*

The Code provides for a new definition of the “state of crisis”.

#### *Composition with creditors (concordato preventivo)*

According to the Code, the plan on the basis of which the request for composition with creditors is submitted may be classified as (i) on a going concern basis (direct or indirect) or (ii) liquidatory. Specific rules are set out to determine whether the plan is to be classified on a going concern basis. In case of liquidatory plan an external contribution is required to increase the expected recovery of unsecured creditors by at least 10% in comparison with the expected recovery of a judicial liquidation, provided that the recovery percentage of unsecured creditors must be at least 20%.

In addition, the Code includes certain significant innovations in respect of, *inter alia*, sale of assets and lease of business during the concordato procedure, majority rules and treatment of secured creditors.

#### *Certified restructuring plans*

The Code set forth a comprehensive regime concerning, *inter alia*, documentation requirements and claw back regime in respect of certified restructuring plans.

#### *Debt restructuring agreements*

Among the main innovations of the Bankruptcy Law, the Code provides, *inter alia*, that the debt restructuring agreements can be entered into with creditors representing at least 30% of the overall credits (instead of the ordinary 60% threshold) provided that (a) no delay for the payment of third party creditors is provided and (b) no temporary protective measures are requested and the debtor has waived his right to request them. In addition cram down of non-consenting creditors for debt restructuring agreements and standstill agreements is no longer limited to financial creditors if, *inter alia*, the agreement is non-liquidatory and the creditors are satisfied significantly or predominantly by the proceeds of the business continuity.

#### *Corporate group restructuring*

The Code introduces a set of rules for the groups of companies whose center of main interests is located in Italy in respect of composition with creditors, debt restructuring agreements, certified restructuring plans and judicial liquidations.

## OVERVIEW OF PROVISIONS RELATING TO THE SECURITIES WHILE REPRESENTED BY THE GLOBAL SECURITIES

*The following is a summary of the provisions in relation to the Securities to be contained in the Trust Deed to constitute the Securities, and in the Global Securities, which will apply to, and in some cases modify, the Terms and Conditions of the Securities while the Securities are represented by the Global Securities.*

### **Exchange**

The Permanent Global Security will be exchangeable in whole but not in part (free of charge to the holder) for definitive Securities only:

- (A) on the Liquidation Event Date; or
- (B) if either Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

Thereupon the holder of the Permanent Global Security (acting on the instructions of one or more of the Accountholders (as defined below)) may give notice to the Issuer of its intention to exchange the Permanent Global Security for definitive Securities on or after the Exchange Date (as defined below).

On or after the Exchange Date, the holder of the Permanent Global Security may surrender such Permanent Global Security to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Security the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Securities (having attached to them all Coupons in respect of interest which has not already been paid on such Permanent Global Security and one Talon), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Permanent Global Security, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any definitive Securities.

For these purposes, “**Exchange Date**” means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given and being a day on which banks are open for general business in the place in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant clearing system is located.

### **Payments**

On and after 20 October 2020, no payment will be made on the Temporary Global Security unless exchange for an interest in the Permanent Global Security is improperly withheld or refused.

Payments of principal and interest in respect of Securities represented by a Global Security will (subject as provided below) be made in the manner specified in Conditions 4 and 5 of the Terms and Conditions of the Securities in relation to definitive Securities or otherwise against presentation for endorsement and, if no further payment falls to be made in respect of the Securities, against surrender of such Global Security to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Securityholders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the Global Security by or on behalf of the Principal Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Securities. Payments of interest on a Temporary Global Security (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

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

#### **Payments on business days**

In the case of all payments made in respect of a Temporary Global Security or a Permanent Global Security “**business day**” means any day on which the TARGET System is open.

#### **Optional Redemption and Early Redemption**

In order to exercise any option contained in Condition 6 of the Terms and Conditions of the Securities, the Issuer shall give notice to the Securityholders and Euroclear and/or Clearstream (or procure that such notice is given on its behalf) within the time limits set out in and containing the information required by that Condition.

#### **Notices**

For so long as all of the Securities are represented by one or both of the Global Securities and such Global Security is or Global Securities are held on behalf of Euroclear and/or Clearstream, notices to Securityholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream (as the case may be) for communication to the relative Accountholders rather than by publication as required by Condition 12 of the Terms and Conditions of the Securities, provided that, so long as such Securities are listed on Euronext Dublin, notice will also be given by publication on Euronext Dublin’s website at [www.ise.ie](http://www.ise.ie). Any such notice shall be deemed to have been given to the Securityholders on the day after the day on which such notice is delivered to Euroclear and/or Clearstream (as the case may be) as aforesaid.

While any of the Securities held by a Securityholder are represented by a Global Security, notices to be given by such Securityholder may be given by such Securityholder (where applicable) through Euroclear and/or Clearstream and otherwise in such manner as the Principal Paying Agent and Euroclear and Clearstream may approve for this purpose.

#### **Accountholders**

For so long as all of the Securities are represented by one or both of the Global Securities and such Global Securities is/are held on behalf of Euroclear and/or Clearstream, each person (other than Euroclear or Clearstream) who is for the time being shown in the records of Euroclear or Clearstream as the holder of a particular principal amount of the Securities (each, an “**Accountholder**”) (in which regard any certificate or other document issued by Euroclear or Clearstream as to the principal amount of such Securities standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Securities for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Securityholders) other than with respect to the payment of principal and interest on such principal amount of such Securities, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the Global Security in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, as the case may be, for its share of each payment made to the bearer of the Global Security.

## **Prescription**

Claims against the Issuer in respect of principal and interest on the Securities represented by a Global Security will be prescribed after ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in the Terms and Conditions of the Securities), subject to the provisions of Condition 9 of the Terms and Conditions of the Securities.

## **Cancellation**

Cancellation of any Security represented by a Global Security and required by the Terms and Conditions of the Securities to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the Global Security on the relevant part of the schedule thereto.

## **Euroclear and Clearstream**

References in the Global Securities and this summary to Euroclear and/or Clearstream shall be deemed to include references to any other clearing system approved by the Trustee.

### **Because the Securities are held by or on behalf of Euroclear and Clearstream, investors will have to rely on their procedures for transfer, payments and communication with the Issuer**

The Securities will be represented by the Global Securities except in certain limited circumstances described in the Permanent Global Security. The Global Securities will be deposited with a common depository for Euroclear and Clearstream. Except in certain limited circumstances described in the Permanent Global Security, investors will not be entitled to receive definitive Securities. Euroclear and Clearstream will maintain records of the beneficial interests in the Global Securities. While the Securities are represented by the Global Securities, investors will be able to trade their beneficial interests only through Euroclear and Clearstream.

The Issuer will discharge their payment obligations under the Securities by making payments to or to the order of the common depository for Euroclear and Clearstream for distribution to their account holders. A holder of a beneficial interest in a Global Security must rely on the procedures of Euroclear and Clearstream to receive payments under the Securities. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities.

Securityholders of beneficial interests in the Global Securities will not have a direct right to vote in respect of the Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream to appoint appropriate proxies.

## **Minimum denominations**

As the Securities have a denomination consisting of the minimum denomination of €100,000 plus a higher integral multiple of amounts which are integral multiples of €1,000, up to a maximum of €199,000, it is possible that the Securities may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €1,000 (or its equivalent). In such case a Securityholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination may not receive a definitive Security in respect of such holding (should definitive Securities be printed) and would need to purchase a principal amount of Securities such that its holding amounts to the minimum denomination.



## CERTAIN TAX CONSIDERATIONS

*The statements herein regarding taxation are based on the laws and/or interpretations in force as of the date of this Offering Circular. The Issuer will not update this summary to reflect changes and/or interpretations. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of Securities and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of Securities are advised to consult their own tax advisors concerning the overall tax consequences of their ownership of Securities.*

*This summary is based upon the laws and/or practice in force as of the date of this Offering Circular. Tax laws and interpretations may be subject to frequent changes which could be made on a retroactive basis.*

*The considerations contained in this Offering Circular in relation to tax issues are made in order to support the marketing of the financial instruments herein described and cannot be considered as a legal or tax advice. Investors should consult their own tax advisors in connection with the tax regime applicable to the purchase, the ownership and the sale of the Securities.*

***Prospective purchasers of the Securities are advised to consult their own tax advisors concerning the overall tax consequences under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of the Securities and receiving payments of interest, principal and/or other amounts under the Securities, including in particular the effect of any state, regional or local tax laws.***

### **The Republic of Italy**

#### **General**

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.

#### **Tax Treatment of the Securities**

Legislative Decree 1 April 1996, No. 239 (“**Decree 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 Italian Presidential Decree 22 December 1986, No. 917 (“**Decree 917**”) issued, *inter alia*, by companies listed on an Italian regulated market.

For this purpose, pursuant to Article 44 of Decree 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.

#### **Italian Resident Securityholders**

In case of Securities qualifying as bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) held by an Italian resident Securityholder who is beneficial owner of the Securities and is (i) an individual not engaged in an entrepreneurial activity to which the Securities are connected, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution (other than Italian undertakings for collective investment), or (iv) an investor exempt from Italian corporate income taxation (in each case, unless the Securityholder has entrusted the management of its financial assets, including the Securities, to an Italian

authorised intermediary and has opted for the application of the *risparmio gestito* regime provided for by Article 7 of Italian Legislative Decree 21 November 1997, No. 461 – the “Risparmio Gestito” regime – see under “Capital gains tax” below), Interest relating to the Securities, accrued during the relevant holding period, are subject to a final tax, referred to as “*imposta sostitutiva*”, levied at the rate of 26 per cent.

In the event that the Securityholders described under (i) or (iii) above are engaged in an entrepreneurial activity to which the Securities are connected, the *imposta sostitutiva* applies as a provisional tax. In such case, Interest relating to the Securities (i) will be subject to the *imposta sostitutiva* on account of income tax due and (ii) will be included in the Securityholder’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.

Subject to certain conditions (including minimum holding period requirement) and limitations, Interest relating to the Securities may be exempt from any income taxation (including from the 26 per cent. *imposta sostitutiva*) if the Securityholders are Italian resident individuals not engaged in entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 and the Securities are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets all the requirements set forth in Article 1(100-114) of Law No. 232 of 11 December 2016 (“**Finance Act 2017**”), as subsequently amended and in Article 1(211-215) of Law No. 145 of 30 December 2018 (“**Finance Act 2019**”), as implemented by the Ministerial Decree of 30 April 2019, or, for long-term individual savings accounts (*piani individuali di risparmio a lungo termine*) established as of 1 January 2020, the requirements set forth in Article 13-bis of Law Decree No. 124 of 26 October 2019 as converted into law with amendments by Law No. 157 of 19 December 2019 (“**Decree No. 124**”), all as lastly amended and supplemented by Article 136 of Law Decree No. 34 of 19 May 2020 (“**Decree No. 34/2020**”).

Pursuant to Decree 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, premium and other income relating to the Securities or in the transfer of the Securities (each an “**Intermediary**”).

Where an Italian resident Securityholder who is beneficial owner of the Securities is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Securities are effectively connected, and the Securities are timely deposited together with the Coupons with an Intermediary, Interest from the Securities will not be subject to *imposta sostitutiva*, but must be included in the Securityholder’s income tax return and are therefore subject to general Italian corporate income tax (“**IRES**”), currently applying at 24 per cent., and, in certain circumstances, depending on the “status” of the Securityholder, 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 Securities 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 Securities, together with the relevant Coupons, are timely deposited with an Intermediary. Unitholders are generally subject to a 26 per cent. withholding tax on distributions from the Real Estate Funds. However, in certain circumstances, income of a real estate fund is allocated pro rata to investors and taxed in their hands, even if no distribution is made. Under Article 9 of Legislative Decree No. 44 of 4 March 2014 (“**Decree 44**”), the above regime applies also to Interest

payments made to closed-ended real estate investment companies (*società di investimento a capitale fisso immobiliari*, or “**Real Estate SICAFs**”) which meet the requirements expressly provided by applicable law.

If an Italian resident Securityholder is an open-ended or a closed-ended collective investment fund (“**Fund**”) other than a real estate investment fund, a closed-ended investment company (*società di investimento a capitale fisso*, or “**SICAF**”) other than a Real Estate SICAF or an open-ended investment company (*società di investimento a capitale variabile*, or “**SICAV**”) established in Italy and either (i) the Fund, the SICAF or the SICAV or (ii) their manager is subject to supervision by the competent regulatory authority and the Securities are deposited with an authorised intermediary, Interest accrued during the holding period on the Securities will not be subject to *imposta sostitutiva*. Interest must, however, be included in the management results of the Fund, the SICAF or the SICAV accrued at the end of each tax period. The Fund, the SICAF or the SICAV will not be subject to *imposta sostitutiva*, but a withholding tax of 26 per cent. will be levied, in certain circumstances, on proceeds distributed in favour of unitholders or shareholders by the Fund, the SICAF or the SICAV.

Where an Italian resident Securityholder is a pension fund (subject to the regime provided for by Article 17 of Legislative Decree 5 December 2005, No. 252) (the “**Pension Funds**”) and the Securities, together with the relevant Coupons, are timely deposited with an Intermediary, Interest relating to the Securities 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. Subject to certain conditions (including minimum holding period requirement) and limitations, Interest relating to the Securities may be excluded from the taxable base of the 20 per cent. substitute tax if the Securities are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Finance Act 2017 and in Article 1(211-215) of Finance Act 2019, as implemented by the Ministerial Decree of 30 April 2019, or, for long-term individual savings accounts (*piani individuali di risparmio a lungo termine*) established as of 1 January 2020, the requirements set forth in Article 13-bis of Decree No. 124, all as lastly amended and supplemented by Article 136 of Decree No. 34/2020.

Where an Italian resident Securityholder has opted for the *Risparmio Gestito* regime with respect to its investment in the Securities, such Securityholder will be subject to a 26 per cent. annual substitute tax on the increase in value of the managed assets accrued at the end of each tax year. In such case, Interest on the Securities will be included in the calculation of said annual increase in value of managed assets.

Where the Securities 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 Securityholder or by the Issuer and Securityholders who are Italian resident companies or permanent establishments in Italy of foreign corporations to which the Securities are effectively connected are entitled to deduct *imposta sostitutiva* suffered from income taxes due.

### ***Non-Italian Resident Securityholders***

Where a Securityholder who is the beneficial owner of the Securities 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 as listed in Ministerial Decree of 4 September 1996, as amended by Ministerial Decree of 23 March 2017 and possible further amendments according to Article 11(4)(c) of Decree 239 (as amended by Legislative Decree No. 147 of 14 September 2015) (“**White List**”); 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.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. 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 Securityholders 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 Securityholders must be the beneficial owners of the payments of Interest and (i) deposit, directly or indirectly, the Securities, 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 Securityholder, which remains valid until withdrawn or revoked, in which the Securityholder 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 Securityholders who are institutional investors.

### **Capital Gains Tax**

Any gain obtained from the sale or redemption of the Securities would be treated as part of the taxable business income subject to ordinary taxation (and, in certain circumstances, depending on the “status” of the Securityholder, 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 Securities are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Securities are connected.

Where an Italian resident Securityholder is (i) an individual holding the Securities not in connection with an entrepreneurial activity, (ii) a non-commercial partnership, (iii) a non-commercial private or public institution any capital gain realised by such Securityholder from the sale or redemption of the Securities would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent. Securityholder may set-off capital losses with gains of the same nature. For the purposes of determining the taxable capital gain, any interest, premium and other income on the Securities accrued and unpaid up to the time of the purchase and the sale of the Securities 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 Securityholders under (i) to (iii) above, 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 Securityholder pursuant to all sales or redemptions of the Securities carried out during any given tax year. The Securityholders 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 the *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 Securityholders under (i) to (iii) above may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Securities (the “*risparmio amministrato*” regime). Such separate taxation of capital gains is allowed subject to (i) the Securities 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 Securityholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Securities, 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 Securityholder or using funds provided by the Securityholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Securities 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 Securityholder is not required to declare the capital gains in the annual tax return.

Any capital gains on Securities held by Italian resident Securityholder under (i) to (iii) above who have entrusted the management of their financial assets, including the Securities, 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, 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 Securityholder is not required to declare the capital gains realised in the annual tax return.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Securities if the Securities are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Finance Act 2017 and in Article 1(211-215) of Finance Act 2019, as implemented by the Ministerial Decree of 30 April 2019, or, for long-term individual savings accounts (*piani individuali di risparmio a lungo termine*) established as of 1 January 2020, the requirements set forth in Article 13-bis of Decree No. 124, all as lastly amended and supplemented by Article 136 of Decree No. 34/2020.

Any capital gains on Securities held by a Securityholder who is a Fund, a SICAV or a SICAF to which the provisions of Article 9 of Legislative Decree No. 44 of 4 March 2014 apply, is subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the Fund, the SICAV or SICAF. However, a withholding tax of 26 per cent. will be levied, in certain circumstances, on proceeds distributed in favour of unitholders or shareholders by the Fund, the SICAF or the SICAV.

Any capital gains on Securities held by a Securityholder 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 a 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) capital gains relating to the Securities may be excluded from the taxable base of the 20 per cent. substitute tax if the Securities are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100-114) of Finance Act 2017 and in Article 1(211-215) of Finance Act 2019, as implemented by the Ministerial Decree of 30 April 2019, or, for long-term individual savings accounts (*piani individuali di risparmio a lungo termine*) established as of 1 January 2020, the requirements set forth in Article 13-bis of Decree No. 124, all as lastly amended and supplemented by Article 136 of Decree No. 34/2020.

Any capital gains realised by Real Estate Funds on the Securities are not taxable at the level of Real Estate Funds. Unitholders are generally subject to a 26 per cent. withholding tax on distributions from the Real Estate

Funds. However, in certain circumstances, income of real estate fund is allocated pro rata to the investors and taxed in their hands, even if no distribution is made.

Capital gains realised by non-Italian-resident Securityholders (without a permanent establishment in Italy to which the Securities are effectively connected) from the sale or redemption of Securities traded on regulated markets in Italy or abroad are not subject to the *imposta sostitutiva*, regardless of whether the Securities are held in Italy. In such a case, in order to benefit from this exemption from Italian taxation on capital gains, non-Italian resident Securityholders who hold the Securities 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, 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 Securityholders from the sale or redemption of Securities not traded on regulated markets may in certain circumstances be taxable in Italy if the Securities are held in Italy. However, a non-Italian resident beneficial owner of Securities without a permanent establishment in Italy to which the Securities are effectively connected is not subject to the *imposta sostitutiva* on capital gains realised upon sale or redemption of the Securities, provided that the beneficial owner: (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 Securityholders who hold the Securities 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 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 Securityholders who are institutional investors.

Moreover, in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Securities are connected that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale or redemption of Securities 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 Securities. In such a case, in order to benefit from this exemption from Italian taxation on capital gains, non-Italian resident Securityholders who hold the Securities 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 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.

### ***Inheritance and Gift Taxes***

Transfers of any valuable asset (including the securities) as a result of death or donation are generally taxed as follows:

- (a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or gift exceeding, for each beneficiary, €1,000,000;
- (b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in

favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or gift exceeding, for each beneficiary, €100,000; and

- (c) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in (a), (b) and (c) on the value exceeding, for each beneficiary, €1,500,000.

### **Transfer Tax**

Contracts relating to the transfer of securities are subject to a €200 registration tax as follows: (i) public deeds and private deeds with notarised signatures are subject to mandatory registration; and (ii) private deeds are subject to registration only in “case of use” (*caso d’uso*), in case of “explicit reference” (*enunciazione*) or in case of voluntary registration (*registrazione volontaria*).

### **Stamp Duty**

Pursuant to Article 13(2-ter) of the tariff Part I attached to Presidential Decree No. 642 of 26 October 1972 (“**Decree No. 642**”), a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to their clients in respect of any financial product and instrument (including the Securities), which may be deposited with such financial intermediary in Italy. The stamp duty applies at a rate of 0.2 per cent. and it cannot exceed €4,000 for taxpayers which are not individuals. This stamp duty is determined on the basis of the market value or, if no market value figure is available, on the face value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase value of the financial assets (including the Securities) held.

The statement is deemed to be sent at least once a year, even for instruments for which is not mandatory nor the deposit nor the release nor the drafting of the statement. In case of reporting periods of less than 12 months, the stamp duty is payable based on the period accounted.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy and Finance on 24 May 2012, the stamp duty applies to any investor who is a client - regardless of the fiscal residence of the investor - (as defined in the regulations issued by the Bank of Italy on 9 February 2011, as subsequently amended, supplemented and restated) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

### **Wealth tax on financial assets deposited abroad**

According to the provisions set forth by Law No. 214 of 22 December 2011, as amended and supplemented, Italian resident individuals, Italian non-commercial private or public institutions and Italian non-commercial partnership (*società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986) holding financial products – including the Securities – outside the Republic of Italy are required to pay a wealth tax at the rate of 0.2 per cent.. In this case the above mentioned stamp duty provided for by Article 13 of the tariff attached to Decree No. 642 does not apply.

The tax is determined in proportion to the period of ownership. This tax is calculated on the market value at the end of the relevant year or, in the lack thereof, on the nominal value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase price of any financial product (including the Securities) held abroad by Italian resident individuals. Pursuant to the provisions of Article 134 of Decree No. 34/2020, the wealth tax cannot exceed €4,000 for taxpayers which are not individuals.

Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Financial assets held abroad are excluded from the scope of the wealth tax if they are administered by Italian financial intermediaries pursuant to an administration agreement. In this case, the above mentioned stamp duty provided for by Article 13 of the tariff attached to Decree No. 642 does apply.

### **Tax Monitoring Obligations**

Under Law Decree No. 167 of 28 June 1990, as subsequently amended and supplemented, individuals, non-business entities and non-business partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986) that are resident in Italy and, during the fiscal year, hold investments abroad or have financial assets abroad (including possibly the Securities) must, in certain circumstances, disclose these investments or financial assets 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 as prescribed for the income tax return), regardless of the value of such assets (save for deposits or bank accounts having an aggregate value not exceeding €5,000 threshold throughout the year, which per se do not require such disclosure).

The requirement applies also where the persons above, being not the direct holder of the financial assets, are the actual economic owners thereof for the purposes of anti-money laundering legislation.

No disclosure requirements exist for investments and financial assets (including the Securities) under management or administration entrusted to Italian resident intermediaries (Italian banks, SIMs, fiduciary companies or other professional intermediaries, indicated in Article 1 of Law Decree No. 167 of 28 June 1990) and for contracts concluded through their intervention, provided that the cash flows and the income derived from such activities and contracts have been subjected to Italian withholding or substitute tax by the such intermediaries.

### **U.S. Foreign Account Tax Compliance Act (“FATCA”)**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold U.S. tax at a rate of 30 per cent. on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including the jurisdiction of the Issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, such withholding would not apply prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Securities, no person will be required to pay additional amounts as a result of the withholding. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Securities.



## SUBSCRIPTION AND SALE

The Joint Lead Managers have, pursuant to a subscription agreement (the “**Subscription Agreement**”) dated the date hereof, each jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe or procure subscribers for the Securities at the issue price of 99.262 per cent of the principal amount of the Securities, less certain commissions.

The Issuer will also reimburse the Joint Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint Lead Managers against certain liabilities, incurred in connection with the issue of the Securities. The Subscription Agreement may be terminated in certain circumstances prior to payment to the Issuer.

### United States

The Securities 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 accordance with Regulation S under the Securities Act. Each Joint Lead Manager represents that it has offered and sold the Securities, and agrees that it will offer and sell the Securities (i) as part of their distribution at any time and (ii) otherwise until 40 days after the commencement of this offering, only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Securities, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Joint Lead Manager, has represented and agreed in the Subscription Agreement that, at or prior to confirmation of sale of Securities, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Securities from it during the distribution compliance period a confirmation or notice to substantially the following effect:

“The Securities covered hereby have not been registered under the Securities Act and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the commencement of this offering, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S”.

Terms used in this paragraph have the meanings given to them by Regulation S.

Each Joint Lead Manager represents that it has not entered and agrees that it will not enter into any contractual arrangement with any distributor (as that term is defined in Regulation S) with respect to the distribution or delivery of the Securities, except with its affiliates or with the prior written consent of the Issuer.

In addition:

1. except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for the purposes of Section 4701 of the Internal Revenue Code of 1986, as amended (the “**Code**”)) (the “**TEFRA D Rules**”), each Joint Lead Manager (i) has represented that it has not offered or sold, and agrees that during a 40-day restricted period it will not offer or sell, Securities to a person who is within the United States or its possessions or to a United States person, and (ii) has represented that it has not delivered and agrees that it will not deliver within the United States or its possessions definitive Securities that are sold during the restricted period;
2. each Joint Lead Manager has represented that it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Securities are aware that such Securities may not be offered or sold during the restricted period

to a person who is within the United States or its possessions or to a United States person, except as permitted by the TEFRA D Rules;

3. if it is a United States person, each Joint Lead Manager has represented that it is acquiring the Securities for the purposes of resale in connection with their original issue and if it retains Securities for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6) (or any successor rules in substantially the same form that are applicable for the purposes of Section 4701 of the Code); and
4. with respect to each affiliate that acquires from it Securities for the purpose of offering or selling such Securities during the restricted period, each Joint Lead Manager either (i) has repeated and confirmed the representations and agreements contained in paragraphs (1), (2) and (3) on its behalf or (ii) has agreed that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in paragraphs (1), (2) and (3).

Terms used in paragraphs (1), (2), (3) and (4) have the meaning given to them by the Code and regulations thereunder, including the TEFRA D Rules.

The Securities are in bearer form and are subject to certain U.S. tax law requirements. The Securities may not be offered, sold or delivered within the United States or its possessions or to a United States person (as defined in Regulation S under the Securities Act), except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the Code and the regulations promulgated thereunder.

## **Singapore**

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA (ii) to a relevant person (as defined in Section 275(2) of the SFA pursuant to Section 275(1), or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

*Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), unless otherwise specified before an offer of Securities, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Securities are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

## **United Kingdom**

Each Joint Lead Manager has represented and agreed that:

1. 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 (“FSMA”) received by it in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
2. it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

## **Republic of Italy**

Each of the Joint Lead Managers has represented and agreed that the offering of the Securities has not been registered pursuant to Italian securities legislation and, accordingly, no Securities may be offered, sold or delivered, nor may copies of this Offering Circular nor any other document relating to any Securities be distributed in the Republic of Italy, except, in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Each of the Joint Lead Managers has represented and agreed that it will not offer, sell or deliver any Security or distribute any copies of this Offering Circular and/or any other document relating to the Securities in the Republic of Italy except:

1. to qualified investors (*investitori qualificati*) as defined pursuant to article 2 of the Prospectus Regulation and any applicable provision of Legislative Decree No. 58 of 24 February 1998, as amended (the “Consolidated Financial Act”) and Italian CONSOB regulations; or
2. in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (“Regulation No. 11971”) and the applicable Italian laws.

Any offer, sale or delivery of the Securities or distribution of copies of this Offering Circular or any other document relating to the Securities in the Republic of Italy must be:

1. made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Consolidated Financial Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time), Legislative Decree No. 385 of 1 September 1993, as amended (the “**Banking Act**”) and any other applicable laws or regulation;
2. in compliance with Article 129 of the Banking Act, and the implementing guidelines of the Bank of Italy, as amended from time to time; and
3. in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or the Bank of Italy or other competent authority.

#### ***Provisions relating to the secondary market in the Republic of Italy***

Please note that in accordance with Article 100 bis of the Consolidated Financial Act, where no exemption from the rules on public offerings applies, the subsequent distribution of the Securities on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Consolidated Financial Act and Regulation No. 11971. For these purposes, a public offer occurs also where the Securities are initially offered and placed in Italy or abroad to qualified investors only but in the following 12 months are “systematically” (*sistematicamente*) distributed on the secondary market in Italy. Where no exemption from the rules on public offerings applies, failure to comply with the prospectus requirement rules provided under the Consolidated Financial Act and Regulation No. 11971 may result in the purchasers of Securities who are acting outside of the course of their business or profession being entitled to declare such purchase void and to claim damages from any authorised person at whose premises the Securities were purchased (*soggetti abilitati presso cui è avvenuta la vendita*).

#### **Prohibition of Sales to EEA and UK Retail Investors**

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the European Economic Area or any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “**retail investor in the European Economic Area**” means a person who is one (or more) of the following:
  - (1) a retail client as defined in point (11) of Article 4(1) of MiFID II;
  - (2) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (3) not a qualified investor as defined in the Prospectus Regulation.
- (b) the expression “**retail investor in the United Kingdom**” means any person who (i) has not professional experience in matters relating to investments or (ii) is not a high net worth entity falling within Article 49(2)(a) to (d) of the Financial Services and Market Act (Financial Promotion) Order 2005;
- (c) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities.

## **General**

Save as stated herein, no action has been taken in any jurisdiction that would permit an offer to the public of any of the Securities, or possession or distribution of this Offering Circular or any other offering material, in any country or jurisdiction where action for that purpose is required.

Each Joint Lead Manager has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Securities or has in its possession or distributes this Offering Circular or any other offering material and neither the Issuer nor any of the Joint Lead Managers shall have responsibility therefor.

## GENERAL INFORMATION

### Authorisation

The offering of the Securities has been duly authorised by resolution of the board of directors of ENEL dated 10 June 2020.

### Listing and Admission to Trading

Application has been made to Euronext Dublin for the Securities to be admitted to the Official List and trading on its regulated market. The total expenses related to the admission of the Securities to trading on Euronext Dublin's regulated market are expected to amount to approximately €4,540.

### Clearing systems

The Securities are eligible for clearance through Euroclear and Clearstream. The ISIN is XS2228373671 and the Common Code is 222837367. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream is Clearstream Banking, Luxembourg, 42 Avenue JF Kennedy, L-1855 Luxembourg.

### No significant or material adverse changes

Without prejudice to the recent transactions and developments described under “Recent Significant Transactions” on pages 118 to 121 of the EMTN Base Prospectus (as supplemented by the First EMTN Supplement), “Recent Developments” on pages 166 to 170 of the EMTN Base Prospectus (as supplemented by the First EMTN Supplement) and “Recent Significant Transactions and Developments” on page 82 of this Offering Circular, there has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2019 and there has been no significant change in the financial performance or financial position of the Issuer or the Group since 30 June 2020.

### Litigation

Except as set out under the paragraphs “*Description of ENEL – Litigation*” on pages 160-161 and “*Recent Developments*” on pages 166-167 of the EMTN Base Prospectus (as supplemented by the First EMTN Supplement) and in the audited consolidated financial statements of ENEL for the financial year ended 31 December 2019 (which are being incorporated by reference in this Offering Circular), none of the Issuer nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings, including any such proceedings which are pending of which the Issuer or any of its subsidiaries is aware, in the 12 months preceding the date of this Offering Circular which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer or the Group taken as a whole.

### Websites

The website of the Issuers is [www.enel.com](http://www.enel.com). The information on [www.enel.com](http://www.enel.com) does not form part of this Offering Circular, except where that information has been incorporated by reference into this Offering Circular. Other than the information incorporated by reference, the content of the ENEL website has not been scrutinised or approved by the competent authority.

Any information contained in any other website specified in this Offering Circular does not form part of this Offering Circular, except where that information has been incorporated by reference into this Offering Circular.

## **Listing Agent**

Walkers Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Securities and is not itself seeking admission of the Securities to the Official List or to trading on the Market for the purposes of the Prospectus Regulation.

## **Independent auditors**

The independent auditor of ENEL is KPMG S.p.A., whose registered office is at Via Vittor Pisani 25, 20124 Milan, Italy. KPMG S.p.A. succeeded EY S.p.A. as independent auditors of ENEL with effect from 14 May 2020, having been appointed by the shareholders' meeting of ENEL held on 16 May 2019. KPMG S.p.A., is authorised and regulated by the Italian ministry of Economy and Finance ("MEF") and registered on the special register of auditing firms held by the MEF. KPMG S.p.A. is a member of ASSIREVI, the Italian association of auditing firms.

KPMG has performed a limited review of the Issuer's unaudited condensed interim consolidated financial statements as at and for the six months ended 30 June 2020, prepared in accordance with the International Financial Reporting Standards applicable to interim financial reporting (IAS 34) endorsed by the European Union and CONSOB guidelines set out in CONSOB resolution no. 10867 dated 31 July 1997 and issued an unqualified review report.

The auditors of ENEL are independent auditors with respect to ENEL.

EY S.p.A. was appointed independent auditors of ENEL by the shareholders' meeting of Enel held on 28 April 2011 and served as independent auditors to ENEL for the nine years 2011-2019.

EY S.p.A. has audited, in accordance with International Standards on Auditing (ISA Italia), ENEL's consolidated financial statements as of 31 December 2018 and 2019 and for the years then ended, prepared in accordance with International Financial Reporting Standards adopted in the European Union and the Italian regulations implementing Article 9 of Legislation Decree No. 38/05, without qualification, as stated in the convenience translation into English of their reports incorporated by reference in this Offering Circular.

## **Documents available**

So long as Securities are outstanding, copies of the following documents will, when published, be available for inspection on the website of ENEL at <https://www.enel.com/investors/overview>:

- (i) the articles of association/by-laws (with an English translation thereof) of the Issuer;
- (ii) this Offering Circular;
- (iii) the Trust Deed, the Agency Agreement, the forms of the Global Securities and the Securities in definitive form;
- (iv) the Audited Consolidated Financial Statements; and
- (v) the most recently published unaudited interim financial statements and audited annual financial statements of the Issuer (with an English translation thereof), in each case, together with any audit or review reports prepared in connection therewith. The Issuer currently prepares unaudited consolidated interim accounts on a quarterly basis.

Additionally, for so long as Securities are outstanding, a copy of the Offering Circular will be available for collection, without charge, from the registered office of the Issuer and for inspection by appointment from the

specified office of the Paying Agent for the time being in London or at the Paying Agent's option may be provided by email to such holder requesting copies of such document, subject to the Paying Agent being supplied by the Issuer with copies of such documents.

### **Post-issuance information**

The Issuer does not intend to provide any post-issuance information in relation to the Securities.

### **Potential Conflicts of Interest**

In connection with the offering, the Joint Lead Managers may purchase and sell the Securities in the open market. These transactions may include short sales, stabilising transactions and purchases to cover positions created by short sales. Short sales involve the sale by the Joint Lead Managers of a greater number of Securities than they are required to purchase in the offering. Stabilising transactions consist of certain sales or purchases made for the purpose of preventing or retarding a decline in the market price of the Securities while the offering is in progress.

These activities by the Joint Lead Managers, as well as other purchases by the Joint Lead Managers for their own accounts, may stabilise, maintain or otherwise affect the market price of the Securities. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Joint Lead Managers at any time. These transactions may be effected in the over-the-counter market or otherwise.

The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, lending, commercial and investment banking, issuance of financial instruments linked to the Issuer's shares, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Joint Lead Managers and their respective affiliates have provided, and may in the future provide, a variety of these services to the Issuer and to persons and entities with relationships with the Issuer, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their 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's affiliates.

Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer, some of which may have granted significant financing to the Issuer and its subsidiary companies, routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their 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 Securities. Any such positions could adversely affect future trading prices of Securities.

The Joint Lead Managers and their 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. For the purpose of this paragraph the term "affiliates" include also parent companies.



**Yield**

The yield on the Securities from (and including) the Issue Date to (but excluding) the First Reset Date will be 2.375 per cent. per annum. The yield is calculated at the Issue Date on the basis of the issue price. It is not an indication of future yield.

**Legal Entity Identifier**

The Legal Entity Identifier code of the Issuer is WOCMU6HCI00JWNPRZS33.

**Legend Concerning US Persons**

The Securities and any Coupons and Talons 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”.

**Foreign languages used in this Offering Circular**

The language of this Offering Circular 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.

**THE ISSUER**

**ENEL – Società per Azioni**  
Viale Regina Margherita 137  
00198 Rome  
Italy

**JOINT LEAD MANAGERS FOR THE SECURITIES**

**Banco Bilbao Vizcaya Argentaria,  
S.A.**

Calle Azul, 4  
28050, Madrid  
Spain

**Banco Santander, S.A.**

Ciudad Grupo Santander  
Avenida de Cantabria s/n  
Edificio Encinar 28660,  
Boadilla del Monte,  
Madrid  
Spain

**BNP Paribas**

10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**Crédit Agricole Corporate and  
Investment Bank**

12 place des Etats-Unis  
CS 70052 92 547 Montrouge Cedex  
France

**Goldman Sachs International**

Plumtree Court  
25 Shoe Lane  
London EC4A 4AU  
United Kingdom

**J.P. Morgan Securities plc**

25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

**Société Générale**

29, boulevard Haussmann  
75009 Paris  
France

**UniCredit Bank AG**

Arabellastrasse 12  
D-81925 Munich  
Germany

**PRINCIPAL PAYING AGENT AND AGENT BANK**

**The Bank of New York Mellon, London Branch**

One Canada Square  
London E14 5AL  
United Kingdom

**TRUSTEE**

**BNY Mellon Corporate Trustee Services Limited**

One Canada Square  
London E14 5AL  
United Kingdom

**LISTING AGENT**

**Walkers Listing Services Limited**

5th Floor, The Exchange  
George's Dock, IFSC  
Dublin 1  
D01 W3P9  
Ireland

**LEGAL ADVISERS**

*To ENEL – Società per Azioni as to Italian law*

**Chiomenti**

Via XXIV Maggio 43  
I-00187 Rome  
Italy

*International, Italian law and Italian tax counsel to the Joint  
Lead Managers*

**Linklaters Studio Legale Associato**

Via Broletto, 9  
20121 Milan  
Italy

*To the Trustee as to English Law*

**Linklaters LLP**

One Silk Street  
London EC2Y 8HQ  
United Kingdom

**INDEPENDENT AUDITORS**

*from 28 April 2011 to 13 May 2020*

**EY S.p.A.**

Via Lombardia 31  
00187 Rome  
Italy

*from 14 May 2020 to the date of this Offering Circular*

**KPMG S.p.A.**

Via Vittor Pisani 25  
20124 Milan  
Italy