



**ANSALEDO ENERGIA S.p.A.**

*(incorporated with limited liability under the laws of the Republic of Italy)*

**€350,000,000 2.750 per cent. Notes due 31 May 2024**

The €350,000,000 2.750 per cent. Notes due 31 May 2024 (the "**Notes**") of Ansaldo Energia S.p.A. (the "**Issuer**") will be issued on 31 May 2017 (the "**Closing Date**") at an issue price of 100 per cent. of their principal amount.

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on 31 May 2024. The Notes are subject to redemption in whole at their principal amount at the option of the Issuer at any time in the event of certain changes affecting taxation in the Republic of Italy. In addition, each holder of a Note may require the Issuer to redeem such Note at their principal amount upon the occurrence of a Change of Control (as defined below). See "*Terms and Conditions of the Notes — Redemption and Purchase*".

The Notes will bear interest from 31 May 2017 at the rate of 2.750 per cent. per annum, payable annually in arrear on 31 May each year commencing on 31 May 2018. Payments on the Notes will be made in Euros without deduction for or on account of taxes imposed or levied by the Republic of Italy to the extent described under "*Terms and Conditions of the Notes — Taxation*".

Application has been made for the Notes to be admitted to listing on the official list of the Luxembourg Stock Exchange and trading on its Euro MTF Market. The Luxembourg Stock Exchange's Euro MTF market is not a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC). This Prospectus constitutes a prospectus under the Luxembourg Law of 10 July 2005 on Prospectuses for Securities, as amended (the "**Luxembourg Prospectus Law**") but is not a prospectus published in accordance with the requirements of the Prospectus Directive 2003/71/EC, as amended.

This Prospectus is available on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)), together with the information incorporated by reference herein. See "*Information Incorporated by Reference*".

**An investment in the Notes involves certain risks. For a discussion of these risks, see "Risk Factors" on page 7.**

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

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

**Joint Lead Managers**

<b>Banca IMI</b>	<b>Barclays</b>
<b>BNP PARIBAS</b>	<b>Commerzbank</b>
<b>HSBC</b>	<b>Crédit Agricole CIB</b>
<b>Société Générale Corporate &amp; Investment Banking</b>	<b>Santander Global Corporate Banking</b>
	<b>UniCredit Bank</b>
	<b>Co-Manager</b>
	<b>UBI Banca</b>

## IMPORTANT NOTICES

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

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

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

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

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Managers that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any Notes. The content of this Prospectus should not be construed as providing legal, business, accounting or tax advice. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs of the Issuer, and its own appraisal of the Issuer's creditworthiness, and shall be taken to have consulted its own legal, business, accounting and tax advisers.

This Prospectus may only be used for the purposes for which it has been published. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Managers to any person to subscribe for or to purchase any Notes. The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. Neither the Issuer nor the Managers represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered in compliance with any applicable registration or other requirements in any such jurisdiction or pursuant to an exemption available thereunder, nor do they assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Managers which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

For a description of certain restrictions on offers, sales and deliveries of the Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*". In

particular, the Notes have not been and will not be registered under the Securities Act and are subject to United States tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.

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

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

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## **FORWARD-LOOKING STATEMENTS**

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

The Issuer does not intend, and does not assume any obligation, to update forward-looking statements set out in this Prospectus. Many factors may cause the Issuer’s or the Group’s results of operations, financial condition, liquidity and the development of the industries in which they compete to differ materially from those expressed or implied by the forward-looking statements contained in this Prospectus.

The risks described under “*Risk Factors*” in this Prospectus are not exhaustive. Other sections of this Prospectus describe additional factors that could adversely affect the Issuer’s and the Group’s results of operations, financial condition and liquidity, and the development of the industries in which they operate. New risks can emerge from time to time, and it is not possible for the Issuer to predict all such risks, nor can the Issuer assess the impact of all such risks on their business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not rely on forward-looking statements as a prediction of actual results.

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## **NON-IFRS FINANCIAL MEASURES**

This Prospectus contains certain non-IFRS financial measures including EBIT, Adjusted EBITA and Adjusted EBITDA.

As used in this Prospectus:

- “**EBIT**” is earnings before Financial income and expense, Share of profits (losses) of equity-accounted investees, Income taxes and Result from Discontinued Operations;
- “**Adjusted EBITA**” is calculated by subtracting from EBIT the following items: (i) any impairment in goodwill; (ii) amortisation and impairment, if any, of the portion of the purchase price allocated to intangible assets as part of business combinations, as required by IFRS 3; (iii) restructuring costs (including personnel costs deriving from the reorganisation of the company) or other non-recurring items and (iv) other exceptional costs or income, i.e. connected to particularly significant events that are not related to the ordinary performance of the business; and
- “**Adjusted EBITDA**” is calculated by subtracting from Adjusted EBITA: (i) Depreciation and (ii) Amortisation.

It should be noted that EBIT, Adjusted EBITA and Adjusted EBITDA are not recognised as measures of performance or liquidity under IFRS and should not be recognised as alternatives to operating income or net profit or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles. EBIT, Adjusted EBITA and Adjusted EBITDA are not indicative of the historical operating results of the Group (as defined below), nor are meant to be predictive of future results. EBIT, Adjusted EBITA and Adjusted EBITDA are used by management to monitor the underlying performance of the business and operations. Since all companies do not calculate these measures in an identical manner, the Group’s presentation may not be consistent with similar measures used by other companies and, accordingly, investors should not place undue reliance on these data.

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## ORDERS AND ORDER BACKLOG AS PERFORMANCE INDICATORS

This Prospectus contains certain information relating to the Group’s orders and order backlog as at and for the years ended 31 December 2016 and 2015.

As used in this Prospectus:

- references to “**Orders**” are to the aggregate value of contracts entered into during the financial period that meet the contractual requirements to be recorded in the orders book; and
- references to “**Order backlog**” are to the residual value of the projects for which the Group has a firm commitment that have not been completed, calculated as the difference between order value and the revenues associated with such orders recorded in the Group’s financial statements.

Figures for Orders and Order backlog shown in the Prospectus are included in the Group’s financial statements but are based on unaudited internal management data. As the amount of order backlog is not necessarily indicative of future revenues, investors should not place undue reliance on the figures provided. See also “*Risk Factors - The Group’s orders and order backlog is not necessarily indicative of future revenues*”.

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## STABILISATION

In connection with the issue of the Notes, BNP Paribas as stabilising manager (the “**Stabilising Manager**”) (or persons acting on behalf of the Stabilising Manager) may over-allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail. However stabilisation may not necessarily occur. Any

stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws, regulations and rules.

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## CERTAIN DEFINED TERMS

In this Prospectus, unless otherwise specified:

- (i) references to "**billions**" are to thousands of millions;
- (ii) the "**Co-Manager**" means Unione di Banche Italiane S.p.A.;
- (iii) references to the "**Conditions**" are to the terms and conditions relating to the Notes set out in this Prospectus in the section "*Terms and Conditions of the Notes*" and any reference to a numbered "**Condition**" is to the correspondingly numbered provision of the Conditions;
- (iv) references to "**€**", "**EUR**" or "**Euro**" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended;
- (v) the "**Group**" or the "**Ansaldo Energia Group**" means the group consisting of the Issuer and its consolidated subsidiaries;
- (vi) references to "**IFRS**" are to International Financial Reporting Standards, as adopted by the European Union;
- (vii) the "**Issuer**" or "**Ansaldo Energia**" or the "**Company**" means Ansaldo Energia S.p.A.;
- (viii) the "**Joint Lead Managers**" means Banca IMI S.p.A., Banco Santander, S.A., Barclays Bank PLC, BNP Paribas, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, HSBC Bank plc, Société Générale and UniCredit Bank AG; and
- (ix) the "**Managers**" means the Joint Lead Managers and the Co-Manager.

## TABLE OF CONTENTS

RISK FACTORS .....	7
INFORMATION INCORPORATED BY REFERENCE.....	22
TERMS AND CONDITIONS OF THE NOTES .....	23
SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM.....	38
DESCRIPTION OF THE ISSUER .....	41
SUMMARY FINANCIAL INFORMATION OF THE ISSUER.....	61
TAXATION .....	64
SUBSCRIPTION AND SALE .....	72
GENERAL INFORMATION.....	74

## RISK FACTORS

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

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

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

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

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

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

Since the second half of 2007, disruption in the global financial markets has created increasingly difficult conditions, including decreased liquidity and availability of credit and greater market volatility, and continues to affect the functioning of financial markets and the global economy. In Europe, measures have been taken by governments, international and supranational organisations, and monetary authorities to provide financial assistance to Eurozone countries in economic difficulty and to mitigate the possibility of default by certain European countries on their sovereign debt obligations. However, in spite of such assistance concerns persist regarding the debt and/or deficit burden of certain Eurozone countries, including Italy, and their ability to meet future financial obligations. Moreover, restrictions to credit availability and fiscal austerity programmes are affecting demand levels in affected economies.

Future economic developments and, in consequence, the speed of macroeconomic growth and the sustainability of the Group's markets are dependent upon the evolution of a number of global and local factors such as the crisis in the credit markets, economic crises arising from sovereign debt overruns and related government budget consolidation measures, reduced levels of capital expenditures, declining consumer and business confidence, increasing unemployment in certain countries, fluctuating commodity prices, bankruptcies, natural disasters, political crises and other challenges. In light of the latest economic developments, the high degree of unemployment in certain countries, the level of public debt in the United States as well as in Greece, Ireland, Italy, Portugal, Spain and other European countries, uncertainties with respect to the stability of the emerging markets, especially the Chinese economy, and the potential impact of budget consolidation measures by governments around the world, the bases for the Group's expectations relating to the overall economic situation and specific conditions in markets relevant to the Group are subject to considerable uncertainties.

Numerous other factors, such as fluctuations of energy and raw material prices, as well as global political conflicts, including those in the North Africa and Eastern Europe (a significant part of the Group's revenues have historically been generated in Egypt, Algeria and Tunisia, and the Group is active in Russia) and other regions, continue to have an impact on macroeconomic parameters and the international capital and credit markets. The uncertainty of economic and political conditions may have a material adverse impact on the Group's business, financial condition and results of operations. In addition, the Group's ability to access the capital and financial markets and to refinance its debt to meet the financial requirements of the Group may be weakened and costs of financing may significantly increase. This could in turn materially and adversely affect the business, financial condition, results of operations and prospects of the Issuer.

***The Group is exposed to risks associated with conditions specific to the countries or regions in which it operates***

The Group conducts operations in 65 countries worldwide, and, in 2016, 84.3 per cent. of the Group's consolidated revenues were generated from international (i.e. non-Italian) operations. In particular, with respect to its operations in emerging markets, the Group operates in North Africa and Eastern Europe (including Egypt, Algeria, Tunisia and Russia) which have had and could again experience political and economic instability, civil unrest or violence and corruption, and which in some cases have legal systems in which the protection of rights and the enforceability of contractual claims are not guaranteed. In addition, Asian markets are important for the Group's long-term growth strategy, and its operations in China are influenced by a legal system that is still developing and is subject to change. In these regions, the Group may also be exposed to higher risks of inflation and exchange rate fluctuations as well as changes in the law (including tax law) and its interpretation by the relevant authorities. Finally, in some of the emerging markets in which the Group operates, there may be limitations on international monetary transactions, import or export restrictions and, occasionally, potential risks of expropriation. Egypt, for example, experienced severe political instability and uncertainty in 2013. However, to date, the Group has not experienced a material negative impact in any of the emerging markets in which it operates, including Egypt.

Developments relating to any of the above risks in an emerging market in which the Group has a significant presence could result in lower profits or make the repatriation of profits difficult, and may expose it to penalties, sanctions and reputational damage. The materialisation or worsening of one or several of the above mentioned risks in any one significant country or in several emerging countries may have material adverse effects on the Group's business, financial condition, results of operations and prospects.

***The Group operates in competitive markets, which are subject to price pressures and rapid changes***

The worldwide markets for the Group's equipment and services are highly competitive in terms of pricing, product and service quality, development and introduction time, customer service and financing terms. In certain of the Group's businesses, it faces downward price pressure and it is or could be exposed to market downturns or slower growth, which may increase in times of declining investment activity and demand. The Group faces strong competitors, some of which are larger and may have greater resources in a given business area, as well as competitors from emerging markets, which may have a better cost structure. The Group may face competition limiting its ability to enter into attractive new markets (such as emerging markets experiencing strong demographic growth), as certain competitors might be more effective and faster in capturing available market opportunities, which in turn may reduce the Group's market share. These factors alone or in combination may have a negative impact on the Group's business, financial condition, and results of operations.



***A loss of the Group's key customers or loss of business from its key customers could harm the Group's operating results.***

The Group is exposed to risks related to customer concentration, particularly in the Equipment and plants business line, whose four largest customers represented approximately 24% of the Group's revenues for the year ended 31 December 2016 (*Source*: Internal management data (unaudited)). Certain of these customers' operations are particularly subject to changes in economic conditions in the markets in which they operate and globally. Significant declines or a total loss of business from these key customers could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group's businesses must keep pace with technological changes and develop new equipment and services to remain competitive***

The markets in which the Group operates experience rapid and significant changes due to the introduction of innovative technologies. To meet customers' needs in these areas, the Group must continuously design new, and update existing, equipment and services, and invest in and develop new technologies. Introducing new technologies requires a significant commitment to research and development, which in turn requires expenditure of considerable financial resources that may not always result in success. In addition, volatility in gas prices or aggressive emissions regulations may create challenges for the Group in meeting its performance and emissions targets in the development of gas turbines. The Group's sales and profitability may suffer if it invests in technologies that become obsolete or do not operate as expected or that are not accepted in the marketplace as anticipated, or if its products or systems are not introduced to the market in a timely manner compared to the Group's competitors. The Group's operating results depend to a significant extent on its ability to anticipate and adapt to changes in markets and to reduce the costs of developing high-quality products.

***The Group's business may be adversely affected by growth in the renewable power generation market***

The European market, in particular, has experienced growth in renewable power generation market, with increasing levels of new photovoltaic and wind generator installations. This may cause a shift in the power source mix away from fossil fuel based power generation, particularly in the event of improvements in renewable power generation technologies. Such a shift would reduce the market accessible to the Group's businesses, and may therefore have an adverse effect on its business, financial condition, results of operations and prospects.

***Any failure to enforce and protect its intellectual property rights could adversely affect the Group's business***

The Group relies on proprietary rights and information in the development of its products. There can be no assurance that any patent or trademark which the Group owns or is able to obtain will adequately protect the covered products and technologies. Nor can there be any assurance that the confidentiality agreements and other measures taken by the Group will adequately protect its trade secrets, know-how or other proprietary information not covered by patents, or that others will not obtain this information through independent development, indiscretion of employees, industrial espionage or other means. Such use by competitors could have a material adverse effect on the Group's business, financial condition or results of operations.

In the future, competitors may obtain patents for technologies which the Group does not possess, or its proprietary rights and information may become obsolete. Furthermore, there can be no assurance that the Group's activities will not infringe on the proprietary rights of others or that it will be able to obtain licences to use the required technology, on reasonable terms or otherwise. If the Group fails to obtain the necessary intellectual property rights to protect its proprietary information, or if it encounters

difficulties in enforcing intellectual property rights in certain foreign countries, or if it infringes upon the proprietary rights of others, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***The Group may face operational failures and quality problems in its value chain processes***

The Group's value chain comprises all steps, from research and development to supply chain management, production, marketing, sales and services. Operational failures in the Group's value chain processes (or in those of its service providers) could result in quality problems or product, health and safety, regulatory or environmental risks. Such risks are particularly present in relation to its production facilities, which have a high degree of organisational and technological complexity. From time to time, some of the products the Group sells might have quality issues resulting from their design or manufacture or from the software integrated into them. If the Group is not able to meet such technological, quality, health and safety, regulatory or environmental standards and requirements, its reputation, competitiveness and business may be adversely affected. Any operational failures or quality issues could have a material adverse effect on the Group's business, financial condition and results of operations.

***The Group may face interruption of its supply chain, late delivery of parts, components and services and rising raw material prices***

The Group's financial performance depends in part on reliable and effective supply chain management for components, sub-assemblies and other materials. Capacity constraints and supply shortages resulting from ineffective supply chain management may lead to delays and additional cost. The Group relies on third parties to supply it with parts, components and services. These suppliers may not have sufficient capacity to meet all of their customers' needs during periods of excess demand. Although the Group works closely with its suppliers to avoid supply related problems, the Group may encounter supply problems in the future or may be unable to replace a supplier that fails to meet the Group's demand. Any shortages and delays in the supply of components or other materials could materially harm the Group's business. Furthermore, the Group may be exposed to the risk of delays and interruptions of the supply chain as a consequence of natural disasters if it is unable to identify alternative sources of supply in a timely manner or at all.

In addition, the Group purchases raw materials including copper and steel alloy based materials, which exposes it to fluctuations in raw material prices. If the Group is not able to compensate for its increased costs or pass them on to customers, price increases could have a material adverse impact on its financial results. In contrast, in times of falling commodity prices, the Group may not be able to fully benefit from such price decreases, as it attempts to reduce the risk of rising commodity prices by several means, such as long-term contracting.

***The Group's EPC activities expose it to potential liability and potential contract disputes***

The Group engages in construction activities for third parties, in which design, construction or systems failures can result in substantial injury or damage to third parties. The Group may in the future be named as a defendant in legal proceedings where parties may make a claim for damages or other remedies with respect to the Group's EPC projects or other matters. In some instances, the Group may guarantee to a customer that it will complete a project by a scheduled date, or that the project, when completed, will achieve certain performance standards. If the Group subsequently fails to complete the project on time, or if the project subsequently fails to meet guaranteed performance standards, it may be liable to the client for any delay or for the costs of any additional work to bring the project to the required performance standards, usually in the form of contractually agreed-upon liquidated damages. To the extent that these events occur, the total costs of the project would exceed the Group's original estimates and it could experience reduced profits, or, in some cases, a loss from that project.

### ***Competition for EPC contracts could result in reduced profitability and loss of clients***

Contracts for the Group's construction services are generally awarded following a competitive process. Price, together with other factors such as possession of the necessary certifications, technological capacity, reputation and experience, are the most important factors in awarding contracts in these competitive processes. The Group's construction bids have been subject to price competition in the past, and if such competition were to intensify in the future, the number of tenders meeting the group's margin criteria could decline and its financial performance could be adversely affected.

### ***The Group's power plant construction business may face public opposition and legal challenges***

Certain persons, associations and groups oppose the construction and installation of power plants on the basis of environmental and other concerns. Although development of a power generating facility generally requires the preparation and submission of an environmental impact assessment study to the competent licensing authority prior to the issuance of an environmental licence for a project, as well as a public consultation process with the local authorities and the local population, the Group cannot guarantee that a power generation plant under development or at the pipeline stage will be authorised, or accepted by the affected population. If there is a significant level of local opposition to the construction of a power generation plant, it could be more difficult to obtain the required permits. A legal challenge to a decision to issue any administrative permit required for the development, installation and/or operation of a power generation plant could result in the invalidation of the permit. A decrease in acceptance of power generation plants by local populations, an increase in the number of legal challenges, or an unfavourable trend in the outcome of such challenges could have a material adverse effect on the Group's business, financial position or results of operations or on its ability to implement its strategy.

### ***The Group is subject to environmental and other government regulations***

Some of the industries in which the Group operates are highly regulated. Current and future environmental and other government regulations or changes thereto may require the Group to change the way it runs its operations and could result in significant increases in operating or product costs. In addition, while the Group has procedures in place to ensure compliance with applicable governmental regulations in the conduct of its business operations, breaches of applicable governmental regulations may occur, either by the Group or by third parties that it contracts with, including suppliers or service providers, whose activities may be attributed to the Group. Any such breaches expose the Group to the risk of liability, reputational damage or loss of licences or permits that are important to the Group's business operations. The Group could also face liability for damage or remediation for environmental contamination at the facilities the Group designs or operates. Any breach may have a material adverse effect on the Group's business, financial condition and results of its operations.

### ***The Group's orders and order backlog are not necessarily indicative of future revenues***

This Prospectus contains figures for the Group's orders and order backlog, which are included in the Group's financial statements but are based on unaudited internal management data. As the amount of orders and order backlog is not necessarily indicative of future revenues, investors should not place undue reliance on the figures provided. Although the figures represent only business that is considered to be firm, there can be no assurance that cancellations or scope adjustments will not occur. The Group's orders may experience variances related to project delays or cancellations resulting from weather conditions, external market factors and economic factors beyond the Group's control. The Group cannot give any assurances that it will secure contracts equivalent in scope and duration to replace its order backlog. If the order backlog fails to materialise, the Group could experience a reduction in its revenues and a decline in profitability which could have a material

adverse effect on its business, financial position or results of operations, or on its ability to implement its strategy.

***The Group operates and may in the future operate in joint ventures and partnerships***

The Group has entered into joint venture and partnership arrangements with SEC (as defined in “*Terms and Conditions of the Notes*”) in connection with certain R&D, sales and manufacturing activities. The Group may enter into further joint ventures in the future with the same or other parties. The possible benefits or expected returns from such joint ventures and partnerships may be difficult to achieve or may prove to be less valuable than the Group estimates or has estimated, and this could have a material adverse effect on the Group’s business. Furthermore, such investments are inherently risky as the Group may not be in a position to sufficiently influence corporate governance processes or business decisions taken by the alliance partner or joint venture company that may have a negative effect on the Group’s business, even in cases where it has a majority shareholding in the joint venture. In addition, joint ventures and partnerships bear the risk of difficulties that may arise when integrating people, operations, technologies and products. Strategic alliances may also pose risks for the Group because it competes in some business areas with companies with which it has strategic alliances.

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

***The Group’s growth strategy has provided and may in the future provide for acquisitions or investments, which may result in integration and consolidation risks***

In February 2016, Ansaldo Energia acquired Alstom’s advanced heavy duty gas turbine business and the company Power System Manufacturing from General Electric, as described in more detail under “*Business – Recent Developments*”. In addition, in line with its growth strategy the Group may in the future make other acquisitions or financial investments associated with external growth transactions in its various business lines or other areas of activity. Such transactions present certain risks related to the integration of the businesses and personnel acquired, inability to achieve projected synergies, difficulty in maintaining uniform standards, controls, policies and procedures, unexpected liabilities or costs, or laws and regulations applicable to such transactions. These risks could have a material adverse effect on the Group’s business, financial position, or results of operations, or on its capacity to achieve its objectives. Due in particular to the high degree of competition in the sectors in which the Group operates, it cannot guarantee that it will be able to complete the external growth transactions that it might contemplate in the future. Furthermore, the financing of such acquisitions or investments could result in the Group incurring significant indebtedness, and have an adverse effect on the Group’s financial position.

***The Group is exposed to risks related to macroeconomic and political developments in Turkey as a result of its investment in Yeni Elektrik***

Ansaldo Energia currently holds a participation in Yeni Elektrik Uretim Anonim Sirketi (“**Yeni Elektrik**”), a special purpose vehicle for the development (under limited recourse project financing) of a new 825 MW combined cycle power plant in the Gebze industrial district of Istanbul, Turkey. The plant was constructed and commissioned by Ansaldo Energia as EPC contractor and became commercially operational in December 2013, and Yeni Elektrik is currently operating the plant. Ansaldo Energia’s holding in Yeni Elektrik is 40%, with the remainder held by a local power project provider, Unit

Investment NV, a joint venture between Unit Group and International Finance Corporation (IFC), World Bank Group. Yeni Elektrik, as operator of the plant, is exposed to the risks inherent in doing business in Turkey: in particular, Yeni Elektrik operations are dependent on the general state of the economy in Turkey and may be exposed to risks related to economic and political instability, regulatory or fiscal restrictions, and fluctuations in energy prices and prices of raw materials. Political developments, including the constitutional referendum held on 16 April 2017, and adverse macroeconomic conditions in Turkey may adversely affect Yeni Elektrik's business and could therefore have a negative impact on the value of this asset and its liquidity, which in turn could adversely affect the Group's financial condition.

In addition, the Group may in certain circumstances be exposed to risks related to Yeni Elektrik's indebtedness. In particular, at the date of this Prospectus, the devaluation of the Turkish Lira combined with low energy prices in Turkey has affected the ability of Yeni Elektrik to service its U.S. Dollar denominated debt (the "**Yeni USD Debt**"). Although Yeni Elektrik is not currently in default in respect of the Yeni USD Debt, it is currently negotiating a restructuring of such indebtedness with the lenders and has agreed an extension to 31 May 2017 in respect of its next payment obligation. If agreement with the lenders on the restructuring of the Yeni USD Debt is not reached or an alternative solution is not identified, Yeni Elektrik may not be in a position to meet its payment obligations under the Yeni USD Debt, including the payment obligation which is currently due on 31 May 2017 following the extension referred to above and, to the extent necessary, as may be further extended by agreement of all the lenders (although there can be no assurance of any such further extension). Although default under the Yeni USD Debt would not result in cross-defaults in any of Ansaldo Energia's financings and would not trigger a default under the Notes or under the Company's other bonds, the lenders may in certain circumstances require the Company to inject an amount of up to approximately USD 64 million into Yeni Elektrik as a capital contribution during the remaining tenor of the Yeni USD Debt (which is currently 10 years), with an annual cap of USD 16 million, except in the case of an event of default under the Yeni USD Debt with subsequent acceleration, in which case the Company may be required to pay an amount of USD 50 million (subject, in each case, to certain rights in favour of Ansaldo Energia to claim restitution of such amounts from the majority shareholder in Yeni Elektrik). In addition, Ansaldo Energia is currently providing (on a joint and several basis with the majority shareholder) a corporate guarantee to the lenders to secure two working capital facilities of, respectively, USD20 million and TL55 million and it is backing a letter of credit issued by a financial institution to guarantee a third working capital facility of USD 30 million made available to Yeni Elektrik. In connection with Ansaldo Energia's contractual obligations related to Yeni Elektrik's indebtedness (as described above), CDP Equity S.p.A. ("**CDP Equity**") and Shanghai Electric Hongkong Co. Limited ("**SEHK**") (in their capacities as holders of, respectively, 44.9% and 40% per cent. of the share capital of Ansaldo Energia) have each confirmed to Ansaldo Energia that they are aware of such contractual obligations and that they will use reasonable efforts in order to cause Ansaldo Energia to duly perform its obligations to third parties. Such confirmations do not create any legally binding obligation upon either of CDP Equity or SEHK or any joint liability between CDP Equity and SEHK in connection with Ansaldo Energia's contractual obligations related to Yeni Elektrik's indebtedness.

Under the restructuring it is envisaged that: (i) Yeni Elektrik will be granted a grace period until 31 December 2019 for principal repayments in respect of the Yeni USD Debt; (ii) Yeni Elektrik will be required to fully repay the TL 55 million and USD 30 million working capital facilities; (iii) each of the relevant guarantees will be released, and (iv) Yeni Elektrik will be required to repay the USD 20 million working capital facility, which will however remain available.

In the context of the negotiation of the restructuring of Yeni USD Debt, Ansaldo Energia and its local partner in Yeni Elektrik have signed a mandate letter with a financial institution which will indirectly (through a Newco incorporated by Ansaldo Energia and the local partner) provide Yeni Elektrik with a

subordinated loan of USD 120 million. The structure of the transaction envisages a USD 120 million loan from the financial institution to Newco (the “**Newco Loan**”) to be used in full by Newco to fund a subordinated loan to Yeni Elektrick . Each of Ansaldo Energia and the local partner shall commit on a joint and several basis to contribute cash equity or subordinated loans to Newco to the extent necessary to cover any debt service shortfall under the Newco Loan. There can be no certainty that the Yeni USD Debt will be successfully restructured on these or other terms.

***The future success of the Group will be dependent on certain senior managers and key employees***

Since its establishment, the Group has strengthened its management team by recruiting high-level executives that bring proven experience in all areas of the Group’s administration and development, including local managers with significant experience in the markets in which the Group operates, and highly skilled employees, particularly in the Group’s engineering and R&D units. The future success of the Group will significantly depend on the full involvement of these key executives, and on its ability to retain and motivate key employees and attract new employees of value to the Group. If the Company were unable to retain such senior managers and key employees (e.g. as a result of significantly rising salary levels as a consequence of growth in the sectors in which the Group operates), the Group might encounter difficulty in appointing their replacement, resulting in a reduction of its business and adversely affecting the Group’s financial position and results of operations, and its ability to achieve its objectives.

***The Group is exposed to risks associated with insurance***

The Group's business is exposed to the risks inherent in the production and sale of equipment and services as well as the construction of power facilities, such as manufacturing defects, breakdowns and natural disasters. The Group is also exposed, and will continue to be exposed, to environmental risk. The Group has implemented a policy of obtaining insurance cover for the principal risks of its business. However, the Group cannot guarantee that its insurance policies are or will be sufficient to cover all losses or the consequences of an action brought by a third party. If the Group were to incur a serious uninsured loss or a loss significantly exceeding the limits of its insurance policies, the resulting costs could have a material adverse effect on its business, financial position or results of operations.

***Increased IT security threats could pose a risk to the Group***

The Group’s business portfolio includes a broad array of intellectual property, know-how, systems, networks, products, solutions and services that rely on digital technologies. The Group observes a global increase in IT security threats and higher levels of professionalism in computer crime, which pose a risk to the security of systems and networks and the confidentiality, availability and integrity of data. The Group attempts to mitigate these risks by employing a number of measures, including employee training, comprehensive monitoring of its networks and systems, and maintenance of backup and protective systems such as firewalls and virus scanners. To the extent the Group employs service providers, such as in the area of IT infrastructure, it has contractual arrangements in place in order to ensure that these risks are reduced in a similar manner. Nonetheless, the Group’s systems, networks, products, solutions and services, as well as those of its service providers remain potentially vulnerable to attacks. Depending on their nature and scope, such attacks could lead to the leakage of confidential information, improper use of the Group’s intellectual property, know-how, systems and networks, manipulation and destruction of data, defective products, production downtimes and supply shortages, which in turn could adversely affect the Group’s reputation, competitiveness, business, financial condition and results of operations.

***The Group's operating and financial flexibility may be restricted by its level of indebtedness***

The Group's operating and financial flexibility may be restricted by its level of indebtedness, including bank guarantees, and financial covenants and it may incur costs if it breaches its financial covenants. The Group's debt facilities contain a number of restrictive covenants that could limit its operating and financial flexibility. A breach of any of these covenants could result in a portion of the Group's borrowings becoming immediately repayable. In addition, any future debt financing that the Group obtains may impose additional restrictions on financing and operating activities. The above factors could limit the Group's financial and operational flexibility and could have a material adverse effect on its future prospects, financial condition and results of operations.

***The Group is exposed to currency risks and interest rate risks***

The Group is exposed to fluctuations in exchange rates, especially between the United States dollar and the euro, because a high percentage of its business volume is conducted outside the eurozone and as exports from Europe. An increase in Euro-denominated prices of certain of its products may affect the Group's competitiveness. In addition, the Group is exposed to currency effects involving the currencies of emerging markets where the Group operates. Certain currency risks as well as interest rate risks are hedged on a Group-wide basis using derivative financial instruments. However, there can be no assurance that the Group's hedging strategy will be effective or that currency and interest rate fluctuations will not have a material adverse effect on its business, financial condition and results of operations.

***This Prospectus contains certain unaudited market share data that has not been verified by independent third parties***

This Prospectus contains statements regarding the Group's market share and competitive position that have been derived from management's own experience and internal estimates based on data from various market sources or Company estimates. Although management believes these statements and the underlying data upon which they are based are accurate, they have not been verified by an independent third-party source and the Company cannot guarantee their accuracy or completeness or that they will not change in the future. Investors should not rely on this data when making an investment decision.

***The Group's business, financial condition and results of operations could suffer as a result of current or future litigation***

The Group is subject to numerous risks relating to legal, governmental and regulatory proceedings to which the Group is currently a party or to which it may become a party in the future. The Group routinely becomes subject to legal, governmental and regulatory investigations and proceedings involving, among other things, requests for arbitration, allegations of improper delivery of goods or services, product liability, product defects, quality problems, intellectual property infringement, non-compliance with tax regulations and/or alleged or suspected violations of applicable laws. There can be no assurance that the results of these or any other proceedings will not materially harm the Group's business, reputation or brand. Moreover, even if the Group ultimately prevails on the merits in any such proceedings, it may have to incur substantial legal fees and other costs defending against the underlying allegations. Each of these matters may have a material adverse effect on the Group's business, financial condition and results of operations. Furthermore, although under certain circumstances the Group records a provision for risks arising from legal disputes and proceedings, such provisions may not be sufficient to cover its ultimate losses or expenditures.

***The Group is exposed to a number of political, social and macroeconomic risks relating to the United Kingdom's exit from the European Union***

On 23 June 2016 the UK held a referendum to decide on the UK's membership of the European Union. The UK vote was to leave the European Union and the UK Government invoked article 50 of the Lisbon Treaty relating to withdrawal on 29 March 2017. Under article 50, the Treaty on the European Union and the Treaty on the Functioning of the European Union cease to apply in the relevant state from the date of entry into force of a withdrawal agreement, or, failing that, two years after the notification of intention to withdraw, although this period may be extended in certain circumstances. There are a number of uncertainties in connection with the future of the UK's relationship with the European Union. The negotiation of the UK's exit terms is likely to take a number of years. Until the terms and timing of the UK's exit from the European Union are clearer, it is not possible to determine the impact that the referendum, the UK's departure from the European Union and/or any related matters may have on the business of the Group, which includes significant activities in the UK. As such, no assurance can be given that such matters would not adversely affect the Group, its business prospects, its financial condition and its results of operations.

**Risk relating to the Notes**

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

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

***The Notes may not be a suitable investment for all investors***

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

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



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

***The Notes do not restrict the amount of debt which the Issuer may incur and are unsecured***

The terms and conditions relating to the Notes do not contain any restriction on the amount of indebtedness which the Issuer and its Subsidiaries may from time to time incur. In the event of any insolvency or winding-up of the Issuer, the Notes will rank equally with the Issuer's other unsecured senior indebtedness and, accordingly, any increase in the amount of the Issuer's unsecured senior indebtedness in the future may reduce the amount recoverable by Noteholders. In addition, the Notes are unsecured and, save as provided in Condition 4 (*Negative Pledge*), do not contain any restriction on the giving of security by the Issuer and its Subsidiaries over present and future indebtedness. Where security has been granted over assets of the Issuer to secure indebtedness, in the event of any insolvency or winding-up of the Issuer, such indebtedness will, in respect of such assets, rank in priority over the Notes and other unsecured indebtedness of the Issuer. Furthermore, the scope of the Condition 4 (*Negative Pledge*) is limited, applying solely to indebtedness represented by other bonds and similar instruments capable of being traded on a securities market, and is subject to a number of exceptions, including limited recourse indebtedness of any Project Finance Vehicle, which is also outside the scope of Condition 9 (*Events of Default*).

***The Notes may be redeemed for tax reasons***

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions. If the Issuer calls and redeems the Notes in the circumstances mentioned above, the Noteholders may not be able to reinvest the redemption proceeds in comparable securities offering a yield as high as that of the Notes.

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

Upon the occurrence of certain change of control events relating to the Issuer, as set out in Condition 6(c) (*Redemption and Purchase - Redemption at the option of Noteholders upon a Change of Control*), under certain circumstances the Noteholders will have the right to require the Issuer to redeem all outstanding Notes at their principal amount. However, it is possible that the Issuer will not have sufficient funds at the time of the change of control to make the required redemption of Notes. If there are not sufficient funds for the redemption, Noteholders may receive less than the principal amount of the Notes if they elect to exercise such right. Furthermore, if such provisions were exercised by the Noteholders, this might adversely affect the Issuer's financial position.

***Investors must rely on the procedures of the clearing systems***

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

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

In addition, holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the ICSDs to appoint appropriate proxies.

#### ***Minimum denomination of the Notes***

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

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

All payments in respect of Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, the Issuer will pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. The Issuer's obligation to gross up is, however, subject to a number of exceptions, including in particular withholding or deduction of Italian substitute tax (*imposta sostitutiva*), pursuant to Decree No. 239. Prospective purchasers of Notes should consult their tax advisers as to the overall tax consequences of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws of any country or territory. See also "Taxation".

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

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

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

#### ***Change of law or administrative practice***

The conditions of the Notes are based on English law in effect as at the date of this Prospectus, although certain provisions relating to the Notes are subject to compliance with certain mandatory

provisions of Italian law, such as those applicable to Noteholders' meetings and to the appointment and role of the Noteholders' representative (*rappresentante comune*). No assurance can be given as to the impact of any possible judicial decision or change to English or Italian law or administrative practice after the date of this Prospectus. See also "*Noteholders' meeting provisions may change by operation of law or because of changes in the Issuer's circumstances*" below.

#### ***Decisions at Noteholders' meetings bind all Noteholders***

Provisions for calling meetings of Noteholders are contained in the Agency Agreement and summarised in Condition 13(a) (*Meetings of Noteholders*). Noteholders' meetings may be called to consider matters affecting Noteholders' interests generally, including modifications to the terms and conditions relating to the Notes. These provisions permit defined majorities to bind all Noteholders, including those who did not attend and vote at the relevant meeting or who voted against the majority. Any such modifications to the Notes (which may include, without limitation, lowering the ranking of the Notes, reducing the amount of principal and interest payable on the Notes, changing the time and manner of payment, changing provisions relating to redemption, limiting remedies on the Notes and changing the amendment provisions) may have an adverse impact on Noteholders' rights and on the market value of the Notes.

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

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

#### **Risks related to the market generally**

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

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

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

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

#### ***Delisting of the Notes***

Application has been made for the Notes to be listed on the official list and admitted to trading on the Euro MTF market of the Luxembourg Stock Exchange. The Notes may subsequently be delisted despite the best efforts of the Issuer to maintain such listing and, although no assurance is made as to the liquidity of the Notes as a result of listing, any delisting of the Notes may have a material effect on a Noteholder's ability to resell the Notes on the secondary market. See also “- *The tax regime applicable to the Notes is subject to a listing requirement*” above.

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

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

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

Neither the Notes nor the long-term debt of the Issuer are rated. To the extent that any credit rating agencies assign credit ratings to the Notes or any other senior unsecured indebtedness of the Issuer at any future date, such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating or the absence of a rating is not a recommendation to buy, sell or hold Notes and may be revised, withdrawn or suspended by the rating agency at any time.

#### ***Legal investment considerations may restrict certain investments***

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

#### ***Exchange rate risks and exchange controls***

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

the Euro would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

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

## INFORMATION INCORPORATED BY REFERENCE

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

- (i) the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2016;
- (ii) the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2015;
- (iii) the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2014;
- (iv) the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2013; and
- (v) the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2012,

in each case together with the accompanying notes and external auditors' report.

### Access to documents

The Issuer will provide, without charge to each person to whom a copy of this Prospectus has been delivered, upon the request of such person, a copy of any or all the documents containing information incorporated by reference herein. Requests for such documents should be directed to the Issuer at its offices set out at the end of this Prospectus. Such documents will also be available, without charge, at the specified office of the Fiscal Agent and on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

### Cross-reference list

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

#### *Consolidated annual financial statements*

Section	Page number(s)				
	2016	2015	2014	2013	2012
Income statement	81	85	66	62	63
Statement of comprehensive income	82	86	67	63	64
Statement of financial position	83	87	68	64	66
Statement of cash flows	84	88	69	65	65
Statement of changes in equity	85	89	70	66	68
Notes to the consolidated financial statements	86- 157	90- 168	71- 122	67- 111	69- 121
Annexes	158	169- 170	123	112	n.a.
Report of the independent auditing firm	159- 160	171	125- 127	113- 115	125- 127

## TERMS AND CONDITIONS OF THE NOTES

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

The €350,000,000 2.750 per cent. Notes due 31 May 2024 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 14 (*Further Issues*) and forming a single series therewith) of Ansaldo Energia S.p.A. (the "**Issuer**") are the subject of an Agency Agreement dated 31 May 2017 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer and BNP Paribas Securities Services, Luxembourg Branch, as fiscal agent (in such capacity, the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and as paying agent (in such capacity, the "**Paying Agent**" and, together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). Certain provisions of these Conditions are summaries of the Agency Agreement and subject to its detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

### 1. Definitions and Interpretation

#### (a) Definitions

In these Conditions:

"**acting in concert**" means acting together pursuant to an agreement or understanding (whether formal or informal);

"**Business Day**" means:

- (i) for the purposes of Condition 6(c) (*Redemption at the option of Noteholders upon a Change of Control*), a TARGET Settlement Day; or
- (ii) for any other purpose:
  - (A) in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place; or
  - (B) in the case of payment by credit or transfer to a Euro account, a TARGET Settlement Day;

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

"**CDP Equity**" means CDP Equity S.p.A., a joint stock company incorporated under the laws of Italy, having its registered office at Corso Magenta 71, 20123 Milan, Italy and registered with the Companies' Register of Milan under registration number and VAT number 07532930968;

a "**Change of Control**" means any of the following events or circumstances:

- (i) CDP Equity and SEC cease, taken together, to beneficially own (directly or indirectly) equity share capital having the right to cast at least 50.1 per cent. (or, after an IPO, 30 per cent.) of the votes capable of being cast in general meetings of the Issuer; or
- (ii) CDP Equity and SEC cease, taken together, to beneficially own (directly or indirectly) equity share capital or voting rights having the ability to appoint (i) the majority of the members of the Board of Directors of the Issuer and (ii) the Chief Executive Officer (in Italian, *Amministratore Delegato*) of the Issuer; or
- (iii) any person or persons acting in concert (i) acquires control of the Issuer in accordance with Article 2359, paragraphs 1 and 2 of the Italian Civil Code or (if applicable) Article 93 of the Italian Legislative Decree No. 58 of 24 February 1998 or (ii) owns more of the equity share capital of the Issuer than the aggregate percentage holding (directly or indirectly) at that time by CDP Equity and SEC taken together;

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

"**Change of Control Notice Period**" means, in respect of any Change of Control, a period of 20 Business Days following the date on which the relevant Change of Control Notice is given to the Noteholders in accordance with Condition 15 (*Notices*);

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

"**Decree No. 239**" means Italian Legislative Decree No. 239 of 1 April 1996 and related implementing regulations, as amended, supplemented or re-enacted from time to time;

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

"**Financial Period**" means, in relation to the financial statements of any Person, the period to which such financial statements relate;

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

"**Indebtedness for Borrowed Money**" means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any money borrowed or raised;

"**Interest Payment Date**" means 31 May in each year;

"**IPO**" means an initial public offering of shares of the Issuer;

"**Issue Date**" means 31 May 2017;

"**JVA**" means Ansaldo Gas Turbine Technology Co., Ltd., a company incorporated under the laws of the People's Republic of China and registered with the Shanghai Administrative Bureau for Industry and Commerce under registration number 310000400750505;

"**Material Subsidiary**" means, at any time, any Subsidiary of the Issuer (other than any Project Finance Vehicle) more than 50% of whose issued share capital (or equivalent) is then directly or indirectly owned by the Issuer whose gross revenues or gross assets (in each case, consolidated with those of its own Subsidiaries, if any) then equal or exceed 5 per cent. of the



consolidated gross revenues or consolidated gross assets of the Group and, for these purposes:

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

*provided that:* (A) notwithstanding the above, JVA shall not be deemed a Material Subsidiary for the purposes of Condition 9 (*Events of Default*); (B) if a Person has become a Subsidiary of the Issuer after the end date of the Financial Period of the Relevant Consolidated Financial Statements, the gross revenues or gross assets of that Subsidiary will be determined by reference to its latest annual financial statements (whether or not audited) and will be consolidated if that Subsidiary itself has Subsidiaries; (C) the Relevant Consolidated Financial Statements and the corresponding financial statements of each relevant Subsidiary will be adjusted (where appropriate) to reflect fairly the gross revenues or gross assets of, or represented by, any Person, business or assets subsequently acquired or disposed of; and (D) if a Material Subsidiary disposes of all or substantially all of its assets to another Subsidiary of the Issuer, it will immediately cease to be a Material Subsidiary and the other Subsidiary (if it is not already) will immediately become a Material Subsidiary, and *provided further that*, if there is a dispute as to whether or not a Subsidiary is a Material Subsidiary, a certificate of the auditors of the Issuer will, in the absence of manifest error, be conclusive;

**"Permitted Disposal"** means any of the following transactions entered into by a Material Subsidiary in the ordinary course of business, whilst solvent:

- (i) any sale, transfer, lease or disposal of assets certified by the Issuer's Board of Directors (or equivalent body) to be at fair market value and on arm's length terms; or
- (ii) any sale, transfer, lease or disposal of assets required under any generally applicable law or legally binding decree, regulation or order taking effect after the Issue Date, which requirement the Material Subsidiary is unable to avoid taking reasonable measures,

or any sale, transfer, lease or disposal of assets on terms approved by an Extraordinary Resolution of Noteholders;

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

- (i) in the case of a Material Subsidiary, whereby the assets and undertaking of such Material Subsidiary are transferred, sold, contributed, assigned or otherwise vested in another member of the Group; or
- (ii) on terms previously approved by an Extraordinary Resolution of Noteholders;

**"Permitted Security Interest"** means:

- (i) any Security Interest arising by operation of law in the ordinary course of business of the Issuer or a Material Subsidiary;
- (ii) any Security Interest (A) over or affecting any asset acquired by the Issuer or a Material Subsidiary after the Issue Date or (B) created by a Person which becomes a Material

Subsidiary after the Issue Date, where such Security Interest already exists at the time that Person becomes a Material Subsidiary, *provided that*, in each case, (x) such Security Interest was not created in connection with or in contemplation of such acquisition of that asset or, as the case may be, of that Person becoming a Material Subsidiary and (y) the aggregate principal amount of Relevant Indebtedness secured by such Security Interest is not increased and no additional assets become subject to such Security Interest pursuant to any agreement or arrangement entered into, either in connection with or in contemplation of such acquisition or, as the case may be, that Person becoming a Material Subsidiary or at any time thereafter; or

- (iii) any Security Interest (a **"New Security Interest"**) created in substitution for any existing Security Interest permitted under paragraph (ii) above (an **"Existing Security Interest"**), *provided that* (A) the principal amount secured by the New Security Interest does not at any time exceed the principal amount secured by the Existing Security Interest, and (B) other than by reason of general market trends beyond the control of the Issuer, the value of the assets over which the New Security Interest subsists does not at any time exceed the value of the assets over which the Existing Security Interest subsisted;

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

**"Project Finance Transaction"** means any project finance transaction whereby a Person (the **"relevant debtor"**) incurs Indebtedness for Borrowed Money to finance the acquisition, development and/or operation of any assets, whereby the creditors in respect of such Indebtedness for Borrowed Money (the **"relevant creditors"**) have no recourse whatsoever to any member of the Group for the repayment thereof other than:

- (i) recourse for amounts limited to the cash flow or the net cash flow (other than historic cash flow or historic net cash flow) from such assets or the income or other proceeds deriving from them; and/or
- (ii) recourse for the purpose only of enabling amounts to be claimed in respect of such Indebtedness for Borrowed Money in an enforcement of any Security Interest given by the relevant debtor over such assets or the income, cash flow or other proceeds deriving from them (or given by any shareholder or the like, including any member of the Group, in the relevant debtor over its shares or the like in the capital of the relevant debtor) to secure such Indebtedness for Borrowed Money,

*provided that:* (a) the extent of such recourse is limited solely to the amount of any recoveries made on any such enforcement; and (b) the relevant creditors are not entitled, by virtue of any right or claim arising out of or in connection with such Indebtedness for Borrowed Money, to commence proceedings of whatever nature against any member of the Group;

**"Project Finance Vehicle"** means a limited liability company that is specifically incorporated for the purposes of, and whose sole activity is the performance of, a Project Finance Transaction;

**"Put Option Notice"** means a notice from a Noteholder to the Issuer in a form obtainable from any Paying Agent and substantially in the form annexed to the Agency Agreement, stating that such Noteholder requires early redemption of all or some of its Notes pursuant to Condition 6(c) (*Redemption at the option of the Noteholders*);

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

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

**"Rate of Interest"** means 2.750 per cent. per annum;

**"Relevant Date"** means, in relation to any Note or Coupon, the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the holders of Notes in accordance with Condition 15 (*Notices*) that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, *provided that* payment is in fact made upon such presentation;

**"Relevant Indebtedness"** means (i) any present or future Indebtedness for Borrowed Money which is in the form of or represented by any notes, bonds, debentures, debenture stock, loan stock, certificates or other securities which is, or is capable of being, quoted, listed, traded or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, and (ii) any guarantee or indemnity in respect of any such Indebtedness for Borrowed Money;

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

**"SEC"** means Shanghai Electric Group Co., Ltd., a company incorporated under the laws of the People's Republic of China and registered at the Companies' Registry of Shanghai under registration number 310000000086691;

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

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

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

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

(b) ***Interpretation***

In these Conditions:

- (i) **"outstanding"** has the meaning given to it in the Agency Agreement;
- (ii) any reference to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under Condition 8 (*Taxation*); and
- (iii) any reference to the Notes includes (unless the context requires otherwise) any other securities issued pursuant to Condition 14 (*Further Issues*) and forming a single series with the Notes.

## **2. Form, Denomination and Title**

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

## **3. Status**

The Notes and the Coupons constitute direct, general, unconditional and, subject to the provisions of Condition 4 (*Negative pledge*), unsecured obligations of the Issuer which will at all times rank *pari passu* without any preference among themselves and at least *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

## **4. Negative Pledge**

So long as any Note remains outstanding, the Issuer shall not, and shall procure that none of its Material Subsidiaries will, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure (i) any Relevant Indebtedness or (ii) any guarantee and/or indemnity in relation to any Relevant Indebtedness, without (a) at the same time or prior thereto securing the Notes and the Coupons equally and rateably therewith or (b) providing such other security for the Notes and the Coupons as may be approved by an Extraordinary Resolution of Noteholders.

## **5. Interest**

The Notes bear interest from the Issue Date at the Rate of Interest, payable in arrear on each Interest Payment Date, subject as provided in Condition 7 (*Payments*). The first Interest Payment Date will be 31 May 2018.

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

The amount of interest payable on each Interest Payment Date shall be €27.50 per Calculation Amount. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount.

## 6. Redemption and Purchase

### (a) **Scheduled redemption**

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 31 May 2024, subject as provided in Condition 7 (*Payments*).

### (b) **Redemption for tax reasons**

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

- (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 30 May 2017; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

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

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent:

- (A) a certificate signed by two duly authorised officers of the Issuer stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right so to redeem have occurred; and
- (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this Condition 6(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 6(b).

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

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

Promptly and in any event within ten Business Days from occurrence of a Change of Control, a Change of Control Notice shall be given by the Issuer to Noteholders in accordance with Condition 15 (*Notices*). For so long as the Notes are listed on a securities market of the Luxembourg Stock Exchange and the rules of such exchange so require, the Issuer shall also notify the Luxembourg Stock Exchange promptly of any such Change of Control, providing

information equivalent to that required to be given in a Change of Control Notice under this Condition 6(c).

In order to exercise the option contained in this Condition 6(c), the holder of a Note must, on any Business Day during the Change of Control Notice Period, deposit with any Paying Agent such Note, together with all unmatured Coupons relating thereto and a duly completed Put Option Notice. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt for such Note to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 6(c), may be withdrawn, *provided, however, that* if, prior to the Put Option Redemption Date, any such Note becomes immediately due and payable or, upon due presentation of any such Note on the Put Option Redemption Date, payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall give notification thereof to the depositing Noteholder in such manner and/or at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 6(c), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

(d) ***No other redemption***

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 6(a) (*Scheduled Redemption*) to (c) (*Redemption at the option of Noteholders upon a Change of Control*) above.

(e) ***Purchase***

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

(f) ***Cancellation***

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

**7. Payments**

(a) ***Principal***

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

(b) ***Interest***

Payments of interest shall, subject to Condition 7(f) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 7(a) (*Principal*) above.

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

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*). No commissions or expenses shall be charged by or on behalf of the Issuer or any of its agents to the Noteholders or Couponholders in respect of such payments.

(d) **Deduction for unmatured Coupons**

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

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

Each sum of principal so deducted shall be paid in the manner provided in Condition 7(a) (*Principal*) above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void coupons.

(e) **Payments on business days**

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

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

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

(g) **Partial payments**

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

**8. Taxation**

(a) **Gross-up**

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

- (i) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Republic of Italy other than the mere holding of the Note or Coupon; or
- (ii) in relation to any payment or deduction of any interest, principal or other proceeds of any Note or Coupon on account of *imposta sostitutiva*, pursuant to Decree No. 239; or
- (iii) by or on behalf of a holder who would have been able to avoid such withholding or deduction by (A) presenting the relevant Note or Coupon to another available Paying Agent in a Member State of the European Union or (B) making a declaration of non-residence or other similar claim for an exemption; or
- (iv) in circumstances in which the formalities to obtain an exemption from *imposta sostitutiva* under Decree No. 239 have not been complied with, except where such formalities have not been complied with due to the actions or omissions of the Issuer or its agents; or
- (v) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

(b) **Taxing jurisdiction**

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

**9. Events of Default**

If any of the following events occurs:

- (a) **Non-payment:** the Issuer fails to pay any amount of principal or interest in respect of the Notes on the due date for payment thereof and the failure to pay is not remedied within seven days; or
- (b) **Breach of other obligations:** the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes and such default remains unremedied for



30 days after written notice thereof, addressed to the Issuer, has been delivered by or on behalf of any Noteholder either to the Issuer or to the Specified Office of the Fiscal Agent; or

(c) **Cross-default of Issuer or Material Subsidiary:**

- (i) any Indebtedness for Borrowed Money of the Issuer or any of its Material Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;
- (ii) any such Indebtedness for Borrowed Money becomes due and payable prior to its stated maturity by reason of default (however described);
- (iii) any Security Interest created or assumed by the Issuer or any of its Material Subsidiaries to secure Indebtedness for Borrowed Money is enforced; or
- (iv) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money,

*provided that* the amount of Indebtedness for Borrowed Money referred to in sub-paragraph (i), (ii) and/or (iii) above and/or the amount payable under any guarantee and/or indemnity referred to in sub-paragraph (iv) above individually or in the aggregate exceeds €30,000,000 (or its equivalent in any other currency or currencies); or

- (d) **Unsatisfied judgment:** one or more judgment(s) or order(s) for the payment of any amount in excess of €30,000,000 (or its equivalent in any other currency or currencies) is rendered against the Issuer or any of its Material Subsidiaries and continue(s) unsatisfied and unstayed for a period of 45 days after the date(s) thereof or, if later, the date therein specified for payment; or

(e) **Security enforced:**

- (i) a secured party takes possession of, or a receiver, manager or other similar officer is appointed (or application for any such appointment is made) in respect of all or a substantial part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries; or
- (ii) a distress, execution, attachment, sequestration or other process is levied, enforced upon or put in force against all or a substantial part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries,

*provided that* (A) in each case, such enforcement action or appointment is not discharged or payment of the amount due is not made within 45 consecutive days and (B) such part of the undertaking, assets and revenues of the relevant Person has an aggregate value exceeding €30,000,000 (or its equivalent in any other currency or currencies); or

- (f) **Insolvency, etc:** (i) the Issuer or any of its Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator, liquidator or other similar officer is appointed in respect of the Issuer or any of its Material Subsidiaries or the whole or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries (or application for any such appointment is made and such appointment continues undischarged for a period of 45 consecutive days, except in respect of an application that is frivolous or vexatious), (iii) the Issuer or any of its Material Subsidiaries takes any action for a general readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or any class of its creditors, or (iv) the Issuer or any of its Material Subsidiaries declares or proposes a moratorium in respect of any of its Indebtedness for Borrowed Money or any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money;

- (g) **Cessation of business:** the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business (otherwise than for the purposes of, or pursuant to, a Permitted Reorganisation or, in respect of any Material Subsidiary, any Permitted Disposal);
- (h) **Winding up, etc:** an order is made by any competent court or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Material Subsidiaries (otherwise than for the purposes of, or pursuant to, a Permitted Reorganisation); or
- (i) **Analogous event:** any event occurs which under the laws of the Republic of Italy has an analogous effect to any of the events referred to in paragraphs (d) (*Unsatisfied judgment*) to (h) (*Winding up, etc.*) above; or
- (j) **Unlawfulness:** it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Agency Agreement or any such obligations cease or will cease to be legal, valid, binding and enforceable,

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

## 10. Prescription

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

## 11. Replacement of Notes and Coupons

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

## 12. Paying Agents

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

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent and additional or successor paying agents, *provided, however, that* the Issuer shall at all times maintain (a) a fiscal agent, (b) for so long as the Notes are listed on the Luxembourg Stock Exchange and it is a requirement of applicable laws and regulations, a paying agent in the Grand Duchy of Luxembourg and (c) a paying agent in a jurisdiction within the European Union other than the Republic of Italy and (if different) the jurisdiction to which the Issuer is subject for the purpose of Condition 8(b) (*Taxing jurisdiction*).

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

### 13. Meetings of Noteholders; Noteholders' Representative; Modification

#### (a) *Meetings of Noteholders*

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

Subject to the above:

- (i) any such meeting may be convened by the Board of Directors of the Issuer or the Noteholders' Representative (as defined below) at their discretion and, in any event, shall be convened without delay upon a request in writing by Noteholder(s) holding not less than one-twentieth of the aggregate principal amount of the outstanding Notes;
- (ii) if the Board of Directors or the Noteholders' Representative fail to convene such a meeting following such request, the meeting may be convened by a decision of the competent court upon request by such Noteholders;
- (iii) every such meeting shall be held at such place as provided pursuant to Article 2363 of the Italian Civil Code and the Issuer's By-laws (*statuto*);
- (iv) such a meeting will be validly convened if:
  - (A) in the case of an initial meeting, there are one or more persons present being or representing Noteholders holding more than one half of the aggregate principal amount of the outstanding Notes; or
  - (B) in the case of a meeting convened following adjournment of the initial meeting, there are one or more persons present being or representing Noteholders holding more than one third of the aggregate principal amount of the outstanding Notes; and
- (v) the majority required to pass an Extraordinary Resolution at a meeting convened to vote on an Extraordinary Resolution will be:
  - (A) for voting on any matter other than a Reserved Matter: (1) in the case of an initial meeting, one or more persons holding or representing more than one half of the aggregate principal amount of the outstanding Notes; and (2) in the case of a meeting convened following adjournment of the initial meeting, at least two-thirds of the aggregate principal amount of the outstanding Notes represented at the meeting; or
  - (B) for voting on a Reserved Matter, the higher of (1) one or more persons holding or representing not less than one half of the aggregate principal amount of the outstanding Notes and (2) one or more persons holding or representing not less than two thirds of the aggregate principal amount of the outstanding Notes represented at the meeting,

*provided that* the Issuer's By-laws (*statuto*) may, from time to time, in each case (to the extent permitted under applicable Italian law) provide for higher quorum and/or majorities.

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

(b) **Noteholders' Representative**

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

(c) **Modification**

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

#### 14. Further Issues

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

#### 15. Notices

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

#### 16. Governing Law and Jurisdiction

(a) **Governing law**

The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law. Condition 13 (*Meetings of Noteholders; Noteholders' Representative; Modification*) and the provisions of the Agency Agreement concerning the meetings of Noteholders are subject to compliance with mandatory provisions of Italian law.

(b) **Jurisdiction**

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including any non-contractual obligations arising out of or in

connection with the Notes). The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

(c) ***Proceedings outside England***

Condition 16(b) (*Jurisdiction*) is for the benefit of Noteholders only. To the extent allowed by law, any Noteholder may take (i) proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction and (ii) concurrent Proceedings in any number of jurisdictions.

(d) ***Process agent***

The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Ansaldo Nuclear Engineering Service Limited at Spring Road, Ettingshall, Wolverhampton WV4 6JX, United Kingdom or, if different, at its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such Person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer or it ceases to be registered in England or, for any other reason, is unable or unwilling to act in such capacity, the Issuer shall immediately appoint a further Person in England to accept service of process on its behalf. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.

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

## SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

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

### **Form of Notes**

#### ***Temporary Global Note***

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

#### ***Eligibility of the Notes for Eurosystem monetary policy***

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

#### ***Exchange for Permanent Global Notes***

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

#### ***Tradeable amounts***

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

#### ***Exchange for Definitive Notes***

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") in denominations of €100,000 and higher integral multiples of €1,000, up to and including €199,000, at the request of the bearer of the Permanent Global Note if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 9 (*Events of Default*) occurs.

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

If:

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

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (i) above) or at 5.00 p.m. (London time) on such due date (in the case of (ii) above) and the bearer of the Permanent Global Note will have no further rights thereunder, but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under a deed of covenant executed by the Issuer dated 31 May 2017 (the "**Deed of Covenant**"). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in the Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg.

#### **Modifications to Terms and Conditions of the Notes**

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

#### ***Payments***

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

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

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

#### ***Exercise of put option***

In order to exercise the option contained in Condition 6(c) (*Redemption at the option of Noteholders upon a Change of Control*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

#### ***Notices***

Notwithstanding Condition 15 (*Notices*), while all the Notes are represented by the Permanent Global Note and/or the Temporary Global Note, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be

deemed to have been given to the Noteholders in accordance with Condition 15 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg, except that, for so long as such Notes are admitted to trading on a securities market of the Luxembourg Stock Exchange and it is a requirement of applicable law and regulations or the rules of that stock exchange, such notices shall also be published in a leading newspaper having general circulation in the Grand Duchy of Luxembourg (which is expected to be the *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).



## DESCRIPTION OF THE ISSUER

### Overview

Ansaldo Energia S.p.A. (“**Ansaldo Energia**” or the “**Company**”) is a leading Italian technology supplier for the power generation industry, specialising in the design, production and installation of gas turbines and steam turbines for gas-fired power plants, as well as maintenance and repair services on its own and third party equipment and technology. The Company is also a leading international player in engineering, procurement and construction (“**EPC**”) of turnkey gas-fired power plants, with the capabilities to provide its own critical equipment and services during the life of the plant. In 2016, the Group (as defined below) had a market share of approximately 17.7% of the global gas turbine market in which its equipment competes. (Source: Management’s analysis of McCoy Power Report market data).

Ansaldo Energia was incorporated on 5 October 1953 as a joint-stock company under the laws of the Republic of Italy and, pursuant to its by-laws, its term ends on 31 December 2070 unless extended by resolution of a shareholders’ meeting. Ansaldo Energia’s registered office is Via N. Lorenzi, 8, 16152 Genoa, Italy, telephone number +39 010 6551 and it is registered with the Register of Enterprises of Genoa under number 00734630155.

The group composed of Ansaldo Energia and its subsidiaries (the “**Ansaldo Energia Group**” or the “**Group**”) structures its activities around the following business lines: (i) Equipment and plants, including, principally, the design, manufacture and installation of gas turbines, steam turbines and generators as well as EPC construction of gas-fired power plants; (ii) Service on Ansaldo Energia’s equipment and technology as well as third-party equipment and technology; and (iii) Nuclear, including engineering and service work for nuclear power plants, decommissioning of nuclear plants and radioactive waste management, as well as related research and development activities.

The following table provides a breakdown of revenues by business line for the years ended 31 December 2016 and 2015, as reported in Ansaldo Energia’s consolidated financial statements:

	For the years ended 31 December			
	2016		2015	
	(Audited)		(Audited)	
	(€ millions)	(%)	(€ millions)	(%)
Equipment and plants <sup>(*)</sup>	574.9	45.9%	589.9	55.7%
Service <sup>(*)</sup>	595.3	47.5%	373.8	35.3%
Nuclear	83.1	6.6%	96.0	9.1%
<b>Total revenues<sup>(*)</sup></b>	<b>1,253.3</b>	<b>100%</b>	<b>1,059.7</b>	<b>100.0%</b>

<sup>(\*)</sup> Revenues for the year ended 31 December 2016 include businesses acquired in the Alstom Transaction (as defined below) for the period from 1 March 2016 to 31 December 2016.

The Ansaldo Energia Group is active in 65 countries worldwide and its customers include governments, public utilities, independent power producers and industrial customers. As at 31 December 2016, the Ansaldo Energia Group employed 4,254 people, of which 1,241 were qualified engineers.

## Financial Information Overview

The tables below set out certain key performance and financial indicators for the Ansaldo Energia Group over the last two financial years.

	As at and for the years ended 31 December	
	2016	2015
<b>Key Performance Indicators</b>	<b>(Unaudited)</b> <i>(€ millions)</i>	
Orders(*)	1,531.2	1,102.9
Order backlog(*)	5,337.1	3,690.4

Source: Internal management data (unaudited).

(\*) Orders and Order backlog for the year ended 31 December 2016 include those of businesses acquired in the Alstom Transaction (as defined below) for the period from 1 March 2016 to 31 December 2016. See "Orders and Order backlog as Performance Indicators" on page 4 of this Prospectus.

	As at and for the years ended 31 December	
	2016	2015
<b>Key Financial Indicators(*)</b>	<b>(Audited)</b> <i>(€ millions)</i>	
Revenue	1,253.3	1,059.7
Gross margin	280.4	212.0
Adjusted EBITDA(**)	178.7	147.0
Adjusted EBITA(**)	129.4	102.8
EBIT	96.0	57.9
Net result	60.4	12.3
Net financial debt	252.6	373.2

(\*) Figures for the year ended 31 December 2016 include results of businesses acquired in the Alstom Transaction (as defined below) for the period from 1 March 2016 to 31 December 2016.

(\*\*) Unaudited. See "Non-IFRS Financial Measures" on page 4 of this Prospectus.

## Group Structure

Ansaldo Energia is the parent company of the Ansaldo Energia Group.

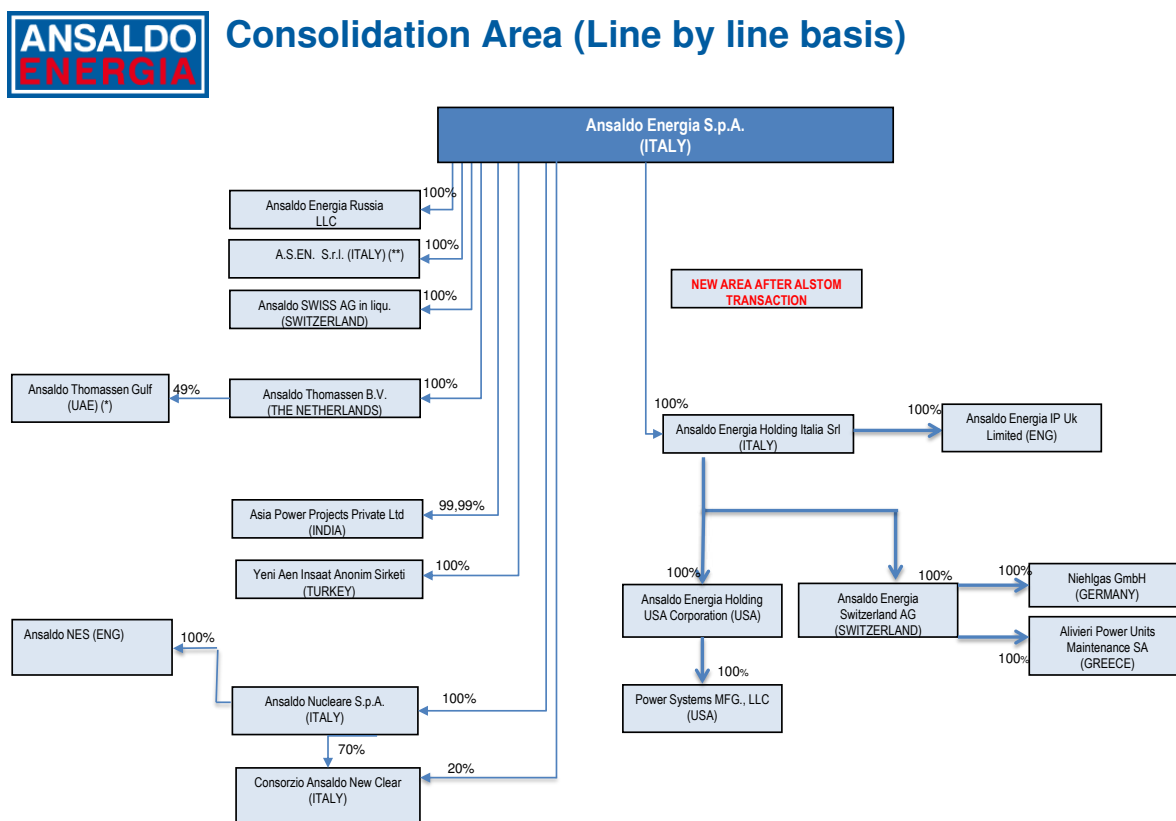
Ansaldo Energia manages most of its engineering, production, commissioning and service activities from its headquarters in Genoa and through its wholly-owned subsidiaries, including:

- Ansaldo Energia Switzerland AG, ("**AES**") based in Baden;
- Power System Manufacturing Llp ("**PSM**") based in Florida, (USA);
- Ansaldo Nucleare S.p.A. ("**Ansaldo Nucleare**"), based in Genoa, which together with its wholly-owned indirect subsidiary Ansaldo Nuclear Engineering Services Ltd. ("**Ansaldo NES**"), based in the United Kingdom, carry out and supply projects and related services for the nuclear power generation industry;
- Ansaldo Thomassen BV ("**Ansaldo Thomassen**"), based in The Netherlands, which provides services for General Electric technology gas turbines; and

- Ansaldo Thomassen Gulf LLC (“**Ansaldo Thomassen Gulf**”), based in Abu Dhabi, a subsidiary of Ansaldo Thomassen which specialises in the repair of hot parts of gas turbines using various technologies.

In addition to its subsidiaries, commercial delegations represent the Company in various countries in the European Union, Central and Eastern Europe, North and South America, the Middle East, East Asia and Africa.

The followings chart illustrates the consolidated subsidiaries of the Ansaldo Energia Group as at 31 December 2016.



Note: (\*) Controlled 100% by Ansaldo by Shareholding agreement  
 (\*\*) Merged in Ansaldo Energia S.p.a. in January 2017

## History of the Group

The Company was originally part of the Ansaldo group of companies (“**Ansaldo**”), whose parent company, Ansaldo S.p.A., was founded in Genoa in 1853 and became one of Italy’s leading mechanical engineering companies, initially operating in the railway sector and subsequently manufacturing marine engines until the start of the twentieth century.

In 1923 Ansaldo entered the power generation sector and built its first electrotechnical production facility in Cornigliano, Italy, where the company produced electrical equipment, dynamos and other power generation products.

In 1949, Ansaldo obtained a General Electric licence for production of steam turbines and generators.

In 1989, Ansaldo obtained an ABB licence for the production of steam turbines and generators.

In 1989, Ansaldo contributed its “*Divisione Generazione Energia*” and “*Divisione Service*” business lines to Ansaldo GIE S.p.A., which had been established in Milan in 1953 under the name G.I.E. S.p.A. – Gruppo Industrie Elettromeccaniche per Impianti all’Estero, and which subsequently changed its name to Ansaldo Energia S.p.A. in 1991.

In 1991, Ansaldo obtained a Siemens licence for the production of gas turbines, which was subsequently assigned to Ansaldo Energia.

In 1993, Ansaldo S.p.A. was merged with and incorporated into Finmeccanica S.p.A., which became the direct owner of Ansaldo Energia.

In 1995, Ansaldo Energia constructed its first combined cycle plant in Italy.

In 2005, Ansaldo Energia achieved full technological independence from Siemens, enabling it to operate using its proprietary technology without relying on technology licensed from third-parties.

In 2011, Ansaldo Energia was acquired by Ansaldo Energia Holding S.p.A., a company owned as to 54.55% by Finmeccanica S.p.A., as to 45% by First Reserve Power Limited and as to 0.45% by managers of Ansaldo Energia.

In 2012, Ansaldo Energia Holding S.p.A. was merged and incorporated into Ansaldo Energia, following which Finmeccanica S.p.A. and First Reserve Power Limited became direct owners of the Company.

In 2013, Fondo Strategico Italiano S.p.A. (“**FSI**”) acquired 84.55% of the share capital of Ansaldo Energia, with Finmeccanica continuing to hold a 15% stake in the Company (subject to a put and call option for FSI to purchase the remaining stake in 2017).

In July 2014, FSI contributed part of its holding in Ansaldo Energia (equal to 44.5% of the Company’s share capital) to the newly incorporated FSI Investimenti S.p.A. (“**FSI Investimenti**”), a 77% subsidiary controlled by FSI.

In May 2014, Shanghai Electric Group Company Limited (“**SEC**”) announced the acquisition (through its subsidiary Shanghai Electric Hong Kong Co., Ltd. (“**SEHK**”)) of a 40% stake in Ansaldo Energia from FSI and the establishment of two joint ventures in China, which were incorporated by Ansaldo Energia and SEC in November 2014 (see “- *Strategy - Expansion into Asian markets*”).

In May 2014, Ansaldo Nucleare acquired 100% of Ansaldo NES, then known as Nuclear Engineering Service Ltd., an English company active in the United Kingdom nuclear power station decommissioning market.

In December 2014, SEC completed the acquisition from FSI of a 40% stake in Ansaldo Energia for a consideration of €400 million, such that FSI then held 0.29% directly, with FSI Investimenti retaining its 44.55% holding. In 2016, FSI Investimenti subsequently transferred its 44.55% holding in Ansaldo Energia’s share capital to CDP Equity S.p.A. (formerly FSI) (“**CDP Equity**”).

## **Recent Developments**

### ***Alstom Transaction***

In February 2016, Ansaldo Energia announced the closing of the Alstom Transaction, which comprised the acquisition from General Electric of Alstom’s advanced heavy duty gas turbine business, and the company Power System Manufacturing, LLC (“**PSM**”). The net consideration for the Alstom Transaction amounted to €120 million.

Pursuant to the Alstom Transaction, Ansaldo Energia acquired the following:

- all intellectual property rights held by Alstom in respect of the latest models of the GT26 and GT36 heavy duty gas turbines, existing upgrades and pipeline technology for future upgrades;
- servicing agreements for 34 GT26 turbines previously sold and installed by Alstom;
- the Alstom technology and service business in Baden, Switzerland, which comprises over 400 employees engaged in developing the heavy-duty gas turbine technology acquired in the transaction and supporting the service and equipment business; and
- PSM, the Alstom subsidiary based in Florida, United States, which is a leading F-class gas turbine technology provider in the General Electric, Siemens and Mitsubishi aftermarket service business.

As a result of this transaction, Ansaldo Energia now owns the assets used to manufacture the GT36 turbine and the latest models of the GT26 turbine, and has access to the related supply chain. The GT26 turbine offers all-round performance and operational flexibility, with more than 500 MW of power output and 60% efficiency in combined-cycle operation and a sequential combustor allowing parking at 15% combined-cycle load during periods of low power demand with all components fully online. The GT36 is built on the evolution of several generations of technology including the GT26 turbine and offers high performance at full and part load, low emissions, a high turn-down capability and high fuel flexibility. The Company licenses certain assets acquired in the Alstom Transaction to General Electric for aftermarket services, specifically the intellectual property held by PSM relating to Siemens-Mitsubishi gas turbines, and the intellectual property relating to the heavy duty gas turbine business that was retained by General Electric. General Electric will provide short term (up to three-year) transitional services to support the continuity and viability of the business Ansaldo Energia acquired in the transaction. As at 25 February 2016, the backlog of service contracts transferred pursuant to the Alstom Transaction amounted to €1.1 billion, whereas the PSM backlog at the same date was €0.65 billion (*Source: for both figures, unaudited internal management data*).

As a consequence of the Alstom Transaction, in March 2016, Ansaldo Energia Switzerland was awarded two contracts in the Sultanate of Oman, together worth approximately €600 million, for the supply of major power plant equipment to two large Independent Power Producer (IPP) projects, the Ibri 1510 MW CCPP and Sohar III 1710 MW CCPP, based on GT26 technology, which are expected to be commissioned in early 2019.

### ***Indebtedness***

On 14 December 2016, the Company entered into a loan facility with the European Investment Bank in connection with its research and development (“R&D”) programme, for a nominal value of €80 million with repayment on a half yearly basis starting in July 2018 at a fixed interest rate of 1.551%. The loan was disbursed on 31 January 2017 and has a final maturity date of 31 December 2024.

### **Strategy**

The Company’s strategy is focused on growing its original equipment manufacturing business, expanding further into international markets in the sale of gas and steam turbines, thereby increasing the installed fleet. This generates significant growth opportunities for its service business as, historically, service related revenues, over the medium to long term, on the Company’s equipment have been multiples of the sale price of the relevant equipment and at higher margins.

In addition the extended technology portfolio available in the Service organisation is also expected to offer the Company an opportunity for cross-selling with its existing Original Equipment Manufacturer (OEM) service business.

### ***Focus on technological development***

The Company's strategy is focused on technological development, leveraging on the Group's existing proprietary technology and know-how and investing in research and development. In particular, the Company is currently investing in the development of gas turbine technology, with a view to continuously improving product performance and offering customers value-added solutions, including those in respect of the Group's Service business line.

As a consequence of the Alstom Transaction the Company intends to continue development of new products in order to position itself on the leading edge of gas turbine technology.

### ***Expansion into Asian markets***

An important element of the Company's strategy is international expansion, particularly into Asian markets. In connection with the acquisition of a 40% ownership stake by SEC, Ansaldo Energia established two joint ventures with SEC focusing on the Asian gas turbine market:

- Ansaldo Gas Turbine Technology Co., Ltd., which is owned as to 60% by Ansaldo Energia and 40% by SEC, and is expected to focus on production of hot parts of gas turbines and related service work; and
- Shanghai Electric Gas Turbine Co., Ltd., which is owned as to 40% by Ansaldo Energia and 60% by SEC, and is expected to focus on cold parts of gas turbines and related service work.

The two joint ventures are intended to enable the Company to access Asian markets, which are undergoing strong growth, due to the need to transition to energy generation with lower carbon emissions compared to coal fired power plants (which are currently the predominant form of power plant).

In 2016, the Group, together with SEC, had a market share of approximately 26% of the Chinese gas turbine market in which its equipment competes. (*Source*: Management's analysis of McCoy Power Report market data).

### ***Focus on nuclear decommissioning activities***

In 2014, the Company further invested in the development of its nuclear decommissioning activities through the acquisition of NES, which is active in the United Kingdom's nuclear decommissioning market. In particular, NES provides engineering services and supplies to nuclear sites in the UK that are currently undergoing decommissioning, and is currently involved in the UK's largest decommissioning project, as well projects for the UK defence sector. This strategic investment is intended to enable the Group to offer a broader range of services, expanding into the nuclear decommissioning business as well as into the UK market, which is currently characterised by a positive growth outlook.

### **Business Overview**

Ansaldo Energia's core business lines are (i) Equipment and plants, including, principally, the design, manufacture and installation of gas turbines, steam turbines and generators as well as EPC construction of gas-fired power plants, (ii) Service on Ansaldo Energia's equipment and technology as well as third-party equipment and technology; and (iii) Nuclear, including engineering and service work for nuclear power plants, decommissioning of nuclear plants and radioactive waste management, as well as related research and development activities.

## Equipment and plants

For the year ended 31 December 2016, the Ansaldo Energia Group's Equipment and plants business line accounted for revenues of €574.9 million (of which €151.5 million relate to the contracts awarded by Ansaldo Energia Switzerland for the plants of Ibri and Sohar in the Sultanate of Oman, based on GT26 technology), representing 45.9% of the Group's consolidated revenues, as compared to €589.9 million (55.7%) for the year ended 31 December 2015.

The tables below set out certain key performance and financial indicators for the Equipment and plants business line, as at and for the years ended 31 December 2015 and 2016.

	As at and for the years ended 31 December	
	2016	2015
<b>Key Performance Indicators(*)</b>	<b>(Unaudited)</b>	
	<i>(€ millions)</i>	
Orders(**)	767.5	629.0
Order backlog(**)	1,160.2	1,252.7

Source: Internal management data (unaudited).

(\*) Orders and Order backlog for the year ended 31 December 2016 include those of businesses acquired in the Alstom Transaction for the period from 1 March 2016 to 31 December 2016.

(\*\*) See "Orders and Order backlog as Performance Indicators" on page 4 of this Prospectus.

	For the years ended 31 December	
	2016	2015
<b>Key Financial Indicators(*)</b>	<b>(Audited)</b>	
	<i>(€ millions, except percentages)</i>	
Revenue	574.9	589.9
Gross margin	91.8	89.3
% of Revenue	16.0%	15.1%

(\*) Figures for the year ended 31 December 2016 include results of businesses acquired in the Alstom Transaction for the period from 1 March 2016 to 31 December 2016.

## Equipment

### Gas turbines

Ansaldo Energia began operating in the gas turbine sector in 1991. In 2001, the 100th gas turbine built by Ansaldo Energia entered service and in 2005 the company gained full technological independence (i.e. it was no longer reliant on third party technology). Since then it has concentrated its efforts on creating innovative products and solutions that satisfy the demanding requirements of an increasingly competitive market. To date, Ansaldo Energia has been awarded contracts for over 240 gas turbines with a capacity of over 45,000 MW, reporting more than 13 million equivalent operating hours and reliability higher than 98%. Ansaldo Energia gas turbines (E, F and Post-F class) can be used in all power generation applications, in open or combined cycle turnkey plants, in integrated heat cycles for power blocks and as individual units. They are constructed using the Group's proprietary technology development process and have models in the range of 75 to 325 MW which, following the completion of the Alstom Transaction, now also include models in the range of 325 to 500 MW, as well as a 60Hz gas turbine in the Very Large Segment (Post F-Class).

One of Ansaldo Energia's strengths is its customisation of turbines specifically designed to satisfy the customers' requirements. In recent years the Company developed innovative solutions and upgrades

to reduce emissions while guaranteeing reliability. Specifically, Ansaldo Energia has developed a NOx emission reduction system based on the Company's VeLoNOx burner, which limits emissions to under 30 mg/Nm<sup>3</sup> for all the gas turbine models it offers and under more severe operating conditions.

Ansaldo Energia also offers a comprehensive range of services and qualified personnel for the construction and/or supervision, start-up and testing of its gas turbines, as well as 24 hour worldwide technical assistance (as discussed under "*Service*" below).

#### Steam turbines

Ansaldo Energia (or, prior to its incorporation, the Ansaldo group of companies) has more than a century of experience designing, manufacturing and installing steam turbines and, since 1912, the Company has installed over 700 steam turbines rated in excess of 100 GW. Ansaldo Energia produces a broad range of 50 and 60 Hz reheat and non-reheat steam turbines rated from 40 to 1,000 MW (with reheat) for fossil fuel, combined cycle, nuclear and cogeneration plants. The Company also offers a comprehensive line of geothermal steam turbines rated 20 to 150 MW. Dedicated R&D and service units provide customers with ongoing assistance through constant product improvements.

#### Generators

Ansaldo Energia (or, prior to its incorporation, the Ansaldo group of companies) has been producing turbogenerators since the early 1920s, when production was focused almost exclusively on air-cooled designs and, since 1950, about 500 generators rated 10 to 330 MVA have been produced at the Ansaldo Energia factory for installation around the world. Ansaldo Energia has also extended its production base to include hydrogen and hydrogen/water-cooled generators, building more than 200 units in the range of 40 to 1220 MVA. The total installed capacity of the turbogenerators sold by the Company is over 120,000 MVA. Ansaldo Energia generators can be installed in combined cycle, steam, geothermal, hydroelectric power plants and nuclear plants, as well as in rotating synchronous compensators.

#### *Power plants*

Ansaldo Energia is a global EPC supplier of turn-key gas fired open and combined cycle power plants, with the capabilities to deliver a broad range of products as a manufacturer of the main power plant components. In its power plant business, Ansaldo Energia focuses on flexibility: (a) design flexibility, by having no pre-packaged solutions to impose on customers, but working with them as partners from the initial definition of objectives through to the implementation of the solution that best achieves them; (b) product flexibility, offering the most efficient technologies available today: single and/or combined cycle gas turbines and steam turbines; and (c) plant flexibility, by building highly efficient power plants that have low emissions even in partial load conditions (which are usually associated with higher emissions), while respecting environmental concerns.

#### **Service**

For the year ended 31 December 2016, the Service business line accounted for revenues of €595.3 million, equal to 47.5% of the Group's consolidated revenues, as compared to €373.8 million (35.3%) for the year ended 31 December 2015. The gross margin of the Group's Service business line is significantly higher than that of its other business lines.

As a result of the completion of the Alstom Transaction, the Company now has an additional 80 gas turbines which it services pursuant to long-term contracts and support with remote monitoring and diagnostic services through its fully connected centres in Europe and the USA. Management believes that the Company now has the most extensive product portfolio in the F-Class gas turbine service market and this is expected to strengthen the Service business revenues in the future.



Ansaldo Energia has developed and provides service activities for its own and third party gas turbines, steam turbines and generators, with maintenance propositions based on three concepts: Long Term Service Agreements covering the management of all maintenance activities, including spare parts and periodic overhauls; upgrade solutions for life cycle extension and to improve efficiency and environmental standards; and a one-stop shop package offering based on the OSP™ (Original Service Provider) concept. This service model combines the reliability and experience of an Original Equipment Manufacturer (OEM) with the efficiency and flexibility of an independent service provider.

On a joint basis with its subsidiaries Power System Manufacturing, Ansaldo Thomassen and Ansaldo Thomassen Gulf, Ansaldo Energia offers customers a single service interface for all machinery and power plants, independently of the supplier of the components, in order to optimise costs, improve planning and reduce plant downtime.

The Ansaldo Energia service solutions are designed to optimise asset management strategies, guarantee availability, prevent power plants from aging and deploy the latest upgrades and most environment-friendly technologies.

The tables below set out certain key performance and financial indicators for the Service business line for the years ended 31 December 2016 and 2015.

	For the years ended 31 December	
	2016	2015
<b>Key Performance Indicators</b>	<b>(Unaudited)</b> <i>(€ millions)</i>	
Orders <sup>(*)</sup>	704.7	362.0
Order backlog <sup>(**)</sup>	4,103.4	2,336.6

Source: Internal management data (unaudited).

(\*) Orders and Order backlog for the year ended 31 December 2016 includes those of businesses acquired in the Alstom Transaction for the period from 1 March 2016 to 31 December 2016. See "Orders and Order backlog as Performance Indicators" on page 4 of this Prospectus.

(\*\*) See "Orders and Order backlog as Performance Indicators" on page 4 of this Prospectus.

	For the years ended 31 December	
	2016 <sup>(*)</sup>	2015
<b>Key Financial Indicators</b>	<b>(Audited)</b> <i>(€ millions, except percentages)</i>	
Revenue	595.3	373.8
Gross margin	178.0	107.6
% of Revenue	29.9%	28.8%

(\*) Figures for the year ended 31 December 2016 include results of businesses acquired in the Alstom Transaction for the period from 1 March 2016 to 31 December 2016.

## Nuclear

For the year ended 31 December 2016, the Nuclear business line accounted for revenues of €83.1 million, representing 6.6% of the Group's consolidated revenues, as compared to €96.0 million (9.1%) in the year ended 31 December 2015.

Ansaldo Energia operates in the nuclear power sector through its subsidiary Ansaldo Nucleare, which has a broad range of experience, stretching back over thirty years, in service activities for nuclear power plants. Ansaldo Nucleare's current activities include:

- engineering and service work on new and operating nuclear power plants;
- decommissioning of nuclear plants;
- radioactive waste management; and
- selected research & development activities.

Ansaldo Nucleare has the capabilities to supply a wide array of services to nuclear power plants based on various technologies (PWR, PHWR, BWR, Magnox). In the decommissioning business line, Ansaldo Nucleare has carried out and is currently involved in the decommissioning of nuclear installations in Italy. In radioactive waste management, Ansaldo Nucleare has conducted studies and built facilities in Italy and abroad for the treatment of both liquid and solid radioactive waste, using both consolidated technologies (e.g. bunkered storage tanks) and experimental solutions such as wet oxidation.

In 2014, the Company acquired NES, an English company active in the United Kingdom's nuclear decommissioning market. In particular, NES provides engineering services and supplies to nuclear sites in the UK that are currently undergoing decommissioning, as well projects for the UK defence sector.

The tables below set out certain key performance and financial indicators for the Nuclear business line for the years ended 31 December 2015 and 2016.

	For the years ended 31 December	
	2016	2015
<b>Key Performance Indicators</b>	<b>(Unaudited)</b> <i>(€ millions)</i>	
Orders(*)	59.0	111.9
Order backlog(*)	73.5	101.1

Source: Internal management data (unaudited).

(\*) See "Orders and Order backlog as Performance Indicators" on page 4 of this Prospectus.

	For the years ended 31 December	
	2016(*)	2015
<b>Key Financial Indicators</b>	<b>(Audited)</b> <i>(€ millions, except percentages)</i>	
Revenue	83.1	96.0
Gross margin	10.6	15.1
% of Revenue	12.8%	15.7%

(\*) Figures for the year ended 31 December 2016 include results of businesses acquired in the Alstom Transaction for the period from 1 March 2016 to 31 December 2016.

## Customers

The Group's customer base has become increasingly international as its business has grown particularly in Middle East and Asia. Currently, the Group's principal customers in terms of its Equipment and plants business line are SEPCOIII (China), EEHC Egyptian Electricity Holding Company (Egypt), Sonelgaz Direction Du Transport Et De L'Electricite (Algeria), Engie (formerly known as GDF Suez) (France) and SEC Shanghai Electric Corp (China), which together represent approximately 35% of the Group's revenues for the year ended 31 December 2016 (*Source*: Internal

management data (unaudited)). The Group's other business lines do not have a material concentration of clients.

## **Market Position**

Ansaldo Energia's main competitors are other international developers and producers of gas turbines characterised by advanced technology, in particular Siemens, General Electric and Mitsubishi. Between them, Ansaldo Energia, Siemens, General Electric and Mitsubishi hold proprietary technology covering 96% of the market (*Source: Management's analysis of McCoy Power Report market data*). **Production Facilities**

### ***Genoa factory***

The Company's main production centre, located in Genoa's industrial area, has the capacity to produce components rated over 300 MW annually and provides full support for service work. The site has a total surface area of 220,000 square metres. As at 31 December 2016, 831 engineers were employed at the site.

Production is divided into three product lines: steam turbines, gas turbines and generators. About 750 industrial machines are installed in these three macro areas, of which 147 are numeric control machine tools. The Ansaldo Energia workshop is highly complex and multiple activities are carried out by professionals with expertise in various different areas. The organisation model adopted in the factory integrates all aspects of the manufacturing process, with a special focus on the activities that add most value during the manufacture and assembly of the products.

Highly specialised factory personnel are trained to perform their duties with a special focus on safety and the working environment.

Ansaldo Energia also focuses on managing the environmental impact of its production facilities, with management of waste products generated during manufacturing, disposal procedures and the use of water. In addition, a significant portion of the energy used by the Company is now produced by the photovoltaic solar plant installed on workshop roof areas.

### ***Other facilities***

Ansaldo Energia Switzerland rents facilities in Baden and Birr, Switzerland, with approximately 28,000 square metres of total surface area, of which 17,000 square metres refer to the operational space of the Birr site used as a testing area for new gas turbines and components.

Ansaldo Thomassen rents a repair shop in Rheden, Netherlands of 5,200 square metres, where it carries out repair activity for General Electric technology heavy duty gas turbines.

Ansaldo Thomassen Gulf rents facilities in Abu Dhabi, UAE which are used for the repair of hot components of gas turbines. The workshop has a surface area of approximately 3,200 square metres, employs approximately 60 blue collar workers and is fully equipped with advance repair technology for inspection, heat treatment, welding and coating.

Ansaldo NES rents facilities in the United Kingdom, consisting of 7,700 square metres of operational space in Wolverhampton and 1,500 square metres in Beckermeth. Wolverhampton is equipped with state of the art CNC machine tools and high pressure water cut jet for the manufacture, testing and assembly of electromechanical plant components before final commissioning on site.

The subsidiary PSM acquired in the Alstom Transaction rents a repair shop in Jupiter, Florida, U.S., with a total surface area of 21,000 square metres of which 13,000 square metres refer to operational space, where PSM carries out repair activity for its business.

Ansaldo Gas Turbine Technology Co., Ltd., a joint venture with SEC, rents a facility in Shanghai, China, with a total surface area of 11,500 square metres, for the manufacturing of hot gas path parts and for repair activity for its business.

## Projects

As at 31 December 2016, the value of the Company's order backlog was €5,337.1 million, as compared to €3,690.4 million as at 31 December 2015. This increase was mainly due to the backlog acquired as a result of the Alstom Transaction, comprising the PSM backlog, which was €615.4 million as at 31 December 2016 and AES's, which was €1,595.6 million. The order backlog includes Equipment and plants projects amounting to €1,160.6 million as at 31 December 2016, including projects being carried out in Egypt (6<sup>th</sup> October, Al Shabab and Damietta) and with the Chinese customer "Setcoll" (project Ibri&Sohar). (Source: For all the figures in this paragraph, internal management data (unaudited))

## Geographical Reach

The Ansaldo Energia Group is active worldwide, and during the year ended 31 December 2016 worked on projects in 65 countries.

The Company currently has a branch in Tehran, Iran, from which it conducts its Iranian operations. To the best of the Company's knowledge, such activities are not and have not been conducted in any manner that is a violation of U.S. sanctions administered by OFAC or any other relevant U.S. government body or any equivalent sanctions or measures imposed by the United Nations and/or the European Union, any equivalent sanctions or measures imposed by Her Majesty's Treasury and/or any other relevant government entity. In addition as a result of the Alstom deal the group was subject to a review carried out by C.F.I.U.S. (a US governmental body within the Department of Justice) with a particular focus on the group activities carried out in sanctioned countries and the result was a full approval of the transaction without any comments.

The table below sets out a breakdown of the Group's revenues by geographical division for the years ended 31 December 2016 and 2015, as reported in Ansaldo Energia's consolidated financial statements.

	For the years ended			
	31 December			
	2016(*)		2015	
	(Audited)	(Audited)	(Audited)	(Audited)
	(€ millions)	(%)	(€ millions)	(%)
Italy	196.4	16%	201.7	19%
European Union	120.1	10%	139.0	13%
Europe (extra EU)	64.4	5%	48.4	5%
America	172.1	14%	48.2	4%
Africa	270.4	21%	367.6	35%
Asia	269.1	21%	86.9	8%
Middle East	160.8	13%	167.8	16%
Oceania	0.0	-	0.1	-
Others	0.0	-	0.0	-
<b>Total Revenues</b>	<b>1,253.3</b>	<b>100%</b>	<b>1,059.7</b>	<b>100%</b>

(\*) Revenues for the year ended 31 December 2016 include results of businesses acquired in the Alstom Transaction for the period from 1 March 2016 to 31 December 2016.

## **Research and Development**

Innovation is a fundamental asset for Ansaldo Energia, which focuses on value creation by developing innovative solutions for power generation plants and related service activities in response to the needs expressed by customers. Ansaldo Energia aims to offer its clients continuous product improvement and an ever broader range of services.

Ansaldo Energia has 186 employees working in research and development in Italy other 220 in Switzerland and approximately 90 in Florida.

In addition to internal resources, Ansaldo Energia maintains a network of relationships with universities, research centres and test facilities both in Italy and internationally. Ansaldo Energia draws on this network and the know-how it provides to support the Company's R&D activities.

In 2016, the Company set up a global R&D organisation in order to include the resources acquired by it in Switzerland as a result of the Alstom Transaction, allowing cross-fertilisation among the departments of the different technologies and disciplines. In addition, following agreements with companies of the SEC group, the Company has started the launch of selected development of its gas turbine technology through cooperation between the Company's R&D centre in Genoa and the R&D centre in Shanghai.

The Company also has an additional pressure test rig for combustors in Cologne, Germany and two power plants to run tests on own gas turbines to verify the innovative solutions the Company develops.

Ansaldo Energia invested around €138.2 million during 2016 for R&D programme. In the financial years ended 31 December 2015 and 2016, Ansaldo Energia's research and development costs represented approximately 2.4% and 11.0% of its consolidated revenues. This increase is due to the development path of the new Gas turbine acquired in the Alstom Transaction.

## **Intellectual Property**

The Company protects its intellectual property through a portfolio of around 6,270 single patents as at 31 December 2016 in which around 5,850 patents have been acquired as a result of the Alstom Transaction.

## **Quality, Environment and Safety**

Ansaldo Energia has in place quality, environmental and safety systems ensuring that it has the capability to build highly sustainable power plants designed with prior monitoring of their visual and acoustic impact on the local area, and which are designed to guarantee controlled atmospheric emissions below current legal limits and low water consumption.

The Ansaldo Energia Group has quality and environmental management systems which are UNI EN ISO 9001 and 14001 certified, respectively, and its safety system is structured in compliance with BS OHSAS 18001. Ansaldo Nucleare is certified in compliance with ISO9001:2008, ISO14001:2004, BS OHSAS 15001:2007 and ASME N-Stamp. Ansaldo NES is certified in compliance with ISO9001:2008, ISO14001:2004. Ansaldo Thomassen is certified in compliance with ISO9001:2008 and local Safety Assurance System (SCC\*\*2008/5.1). Ansaldo Energia Switzerland is certified in compliance with ISO9001:2008, ISO14001:2004, BS OHSAS 18001:2007. Power Systems Mfg is certified in compliance with ISO14001:2004, BS OHSAS 18001:2007. Such systems are in the process of being extended to the businesses acquired in the Alstom Transaction. The Company attaches great importance to quality, the environment and safety in all its processes and promotes ongoing improvement and total compliance with the regulations. It communicates its policy for quality, the

environment and safety to all relevant parties and the policy is available, together with the management system manual, on the Company's website *www.ansaldoenergia.it*.

The policy is consistent with the organisational, management and control model implemented pursuant to Italian Legislative Decree No. 231/2001, which it has adopted, and the Code of Conduct referred to therein.

## **Insurance**

The Group maintains an umbrella insurance policy as well as project-specific policies in order to manage risks, including:

- damage to buildings, machinery or goods and losses related to business or operational interruptions caused by events such as fires, explosions, catastrophes, force majeure and political or social crises;
- third-party liability arising out of the Group's operations, manufactured, assembled and/or marketed goods, or environmental pollution or violations of environmental laws and regulations;
- product and professional liability;
- cost of replacement of defective products during the warranty period;
- costs incurred as a result of the findings of a court, government or other public authority;
- liability incurred by directors and officers; and
- employer liability in connection with employee health and safety both in-house and on site.

The Company's umbrella insurance policy establishes a maximum limit on coverage and certain general policy provisions and provides general insurance coverage to each of the Group's Italian companies in addition to any local or business-specific insurance arrangements, while foreign subsidiaries maintain their own insurance policies covering the above risks. The other policies provide basic insurance coverage for specific projects. In addition, certain Group companies have negotiated and procured additional policies which supplement and/or improve upon the international insurance programmes, as necessary to comply with local requirements and needs. Insurance policies are renewed, revised and replaced as appropriate. The Group's insurance policies contain provisions, conditions, exceptions and liability limits which management considers consistent with terms customarily found in its industry. The ability of the Group's insurance programme to provide adequate protection to Group companies is continually assessed by the risk management department.

## **Share Capital and Shareholders**

### ***Share capital***

As at 31 December 2016, the fully paid and subscribed share capital of Ansaldo Energia was €100,000,000, represented by 10,000,000 shares. There are no outstanding convertible or exchangeable debt securities issued by the Issuer nor any debt securities issued by it with warrants attached.

### **Major shareholders**

As at the date of this Prospectus, the shareholders of Ansaldo Energia are as follows:

Shareholder	Percentage holding
CDP Equity <sup>(*)</sup>	44.9375%
SEHK	40.00%
Leonardo S.p.A. <sup>(**)</sup>	15.00%
Managers of Ansaldo Energia	0.0625%
<b>Total</b>	<b>100.00%</b>

(\*) Formerly known as Fondo Strategico Italiano S.p.A.

(\*\*) Formerly known as Finmeccanica S.p.A.

CDP Equity is a holding company for equity investments, with a share capital of €3.5 billion. CDP Equity invests in companies with a view to increasing their size and strengthening their competitiveness on the domestic and international markets, primarily acquiring minority interests in financially-sound companies of “significant national interest” with adequate profit potential and significant development prospects. CDP Equity is a long-term investor that pursues market returns on its investments. Cassa Depositi e Prestiti is CDP Equity’s main shareholder (97.1%), while Fintecna holds a 2.9% stake. With total assets as at 31 December 2016 of approximately €410 billion, Cassa Depositi e Prestiti is majority controlled by the Italian Ministry of Economy and Finance (82.77%), while a group of Italian banking foundations holds a 15.93% stake.

SEC is a leading diversified heavy industrial equipment manufacturing group in China, headquartered in Shanghai. Its business is focused on new energy equipment, high efficiency and clean energy equipment, industrial equipment and modern services. It is majority controlled by the State-Owned Assets Supervision and Administration Commission of the Shanghai Municipality and is listed on the Shanghai and Hong Kong stock exchanges, with a capitalisation of approximately €13.3 billion as at 31 December 2016 and total revenues as at 31 December 2016 of approximately €10.8 billion. SEC holds its stake in Ansaldo Energia through its subsidiary Shanghai Electric Hong Kong Ltd.

### Indebtedness

The table below sets out the Company’s long term indebtedness as at 31 December 2016 and 2015.

Facility	Counterparties	Nominal amount as at 31 December		Final Maturity Date
		2016	2015	
		(€ millions)		
Loan	BNP Paribas - SACE	26.1	26.1	31 January 2021
Revolving	Pool of banks\	400	400	27 April 2020
Revolving	UBI Banca	40	40	28 April 2020
Loan	Banca Popolare Commercio e Industria (BPCI)	30	-	30 June 2019
Bond	Institutional investors (Euro MTN Market)	420	350	28 April 2020
Loan	European Investment Bank	50	50	16 August 2022

See also “Recent Developments – Indebtedness” above.

### Legal and Arbitration Proceedings

The Ansaldo Energia Group may occasionally be involved in civil, administrative, tax and other disputes and litigation, arbitration and other proceedings in the ordinary course of business. As at 31 December 2016, Ansaldo Energia had set aside provisions for legal proceedings of €136.8 million, compared to €151.0 million as at 31 December 2015.

The following are the main legal proceedings involving the Ansaldo Energia Group as at the date of this Prospectus.

### ***Enipower proceedings***

During 2004, as part of an investigation commenced by the public prosecutor into the contracts awarded by Enipower S.p.A. (“**Enipower**”), Ansaldo Energia, as its supplier, was committed for trial by the Milan preliminary hearing judge pursuant to legislation covering the administrative liability of companies under Legislative Decree No. 231 of 8 June 2001 (“**Decree No. 231**”), due to the Company’s alleged failure to supervise one of its employees who allegedly committed unlawful actions and subsequently passed away.

The grounds of the judgment were filed on 19 December 2011. The operative part of the judgment was handed down on 20 September 2011 and found Ansaldo Energia liable for violation of the provisions of Decree No. 231, therefore ordering it to pay a fine of €150,000 pursuant to Article 12 of the Decree and ordered, *ex lege*, the seizure of an equivalent amount of profit, quantified at 10% of the contract value, i.e. €98,700,000.

The Company lodged an appeal with the Milan appeals court in February 2012, requesting a review of all facts that emerged from the proceedings and a comprehensive reassessment of all trial acts. The court of second instance hearing held in October 2013 did not change the judgment and, therefore, according to the relevant rules, the court of second instance cannot apply a more stringent measure than that already imposed by the court of first instance. Accordingly, the Group has a non-current provision that fully covers this potential liability.

On 11 November 2015, following a further appeal by Ansaldo Energia, the Italian Supreme Court (*Corte di Cassazione*) quashed the second instance judgment on the basis that it failed to identify either the alleged unlawful conduct or its perpetrator, and ordered a retrial before the second instance court in Milan. As at the date of this Prospectus, the new trial has not commenced.

### ***Tax proceedings***

Due to its international operations, the Ansaldo Energia Group is, to a certain extent, subject to the local tax regime in the countries in which it operates. In certain countries, the Ansaldo Energia Group’s tax returns have been challenged by local tax authorities (in particular, the assessment of additional taxes due was based on a different view of the local portion of revenues relevant for the calculation of direct or indirect taxes.) The Group has set aside provisions amounting to €46.1 million (as at 31 December 2016) to cover the risks related to these proceedings.

In addition, the Ansaldo Energia Group is involved in the following arbitration proceedings, for which no provisions have been set aside.

### ***Siemens arbitration***

In July 2014, Siemens AG submitted a formal request for arbitration (ICC Arbitration Case No 20363/GFG at the Arbitral Tribunal in Zurich) concerning the interpretation of certain clauses of the licence agreement signed between Siemens AG and the Company on 19 July 1991, and the subsequent winding up agreement of the aforementioned licence agreement signed on 19 October 2005.

The arbitration was requested by Siemens AG after it learned of the technology agreement with Doosan for the development of an advanced gas turbine and the agreements associated with the finalisation of the sale of Ansaldo Energia shares to Shanghai Electric Corporation. The main requests made by Siemens AG to the arbitrators were the following: (1) to declare that the Group must return and cease using all the information received from Siemens AG during the licence period; and (2) to



declare that the Group is forbidden from transferring to any third parties the technical information rendered available by Siemens AG to the Group during the licence period.

In July 2016 the Arbitral Tribunal issued its judgment, rejecting all the claims by Siemens AG and stating that:

1. the confidentiality terminated on 13 October 2014 and Ansaldo Energia was free to disclose (or not to disclose) to the public or selected third parties, including competitors of Siemens, any information whose disclosure the Company believes to be beneficial to it; and
2. all limitations on the use of the Siemens information and patents had also expired, meaning that the Company:
  - a) could also produce turbines with Siemens technology outside Italy;
  - b) was entitled to sell and service turbines with Siemens technology worldwide, including in the USA and Canada;
  - c) could sub-license information freely to third parties; and
  - d) could sub-license patents freely to third parties.

In accordance with Swiss law, Siemens AG had a right to appeal the Arbitration Tribunal's judgment within 30 days of receipt of the notice of the judgment. As at the date of this Prospectus, Ansaldo Energia Group has not received any notice of appeal.

## **Management and Employees**

### ***Board of Directors***

Pursuant to its by-laws, Ansaldo Energia's Board of Directors must be composed of nine members, who remain in office for three financial years (unless a shorter term is established by the Shareholders' Meeting at the time of their appointment) and may be re-elected.

The current Board of Directors of Ansaldo Energia was appointed by resolutions of the Shareholders' Meeting of 16 January 2017, and will remain in office until the date of the Shareholders' Meeting called to approve the financial statements for the year ended 31 December 2018.

The following table sets out the names and positions of the current members of the Board of Directors of Ansaldo Energia together with the principal positions held by each of them in other companies, to the extent significant with respect to the Ansaldo Energia Group.

<b>Name</b>	<b>Position</b>	<b>Positions with other companies</b>
Giuseppe Zampini	President	Director of Shanghai Electric Gas Turbine Co, Ltd President of the Italian Manufacturers Association ( <i>Confindustria</i> ) of Genova and of Liguria
Filippo Abbà	Chief Executive Officer	N/A
Min Cao	Vice President	President of Shanghai Electric Power Generation Group President of Shanghai Electric Power Generation Equipment Co., Ltd.
Luisa Ruggiero	Vice President	N/A

<b>Name</b>	<b>Position</b>	<b>Positions with other companies</b>
Umberto della Sala	Director	Director (non – executive) in KBR, Inc. Director (non – executive) in Trevi Finanziaria Industriale S.p.A. Director in Kedrion S.p.A.
Chen Xuewen	Director	President of the Board Shanghai Electric Gas Turbine Ltd, Co. Vice-President of the Board, Ansaldo Gas Turbine Technology Ltd, Co. General Manager of Shanghai Turbine Works Ltd, Co.
Hans Rauber	Director	President of Lehner AG, St Siggenthal Director of EVG & Stellbal AG Director of BLR & Partners
Guido Rivolta	Director	CEO of CDP Equity CEO of FSI Investimenti Director of Kedrion S.p.A. Director of Kedrion Biopharma Director of Valvitalia S.p.A. Director of Valvitalia Finanziaria S.p.A. Director of Open Fiber S.p.A. Director of Trevi Finanziaria Industriale S.p.A. Director of Inalca Director of B.F. Holding S.p.A. Director of SIA S.p.A.
Xiaohong Zheng	Director	N/A

The business address of the members of Ansaldo Energia's Board of Directors is the registered office of Ansaldo Energia, Via N. Lorenzi, 8, 16152 Genoa, Italy.

### **Senior management**

The following table sets out the names and positions of the key executive managers of Ansaldo Energia, together with the principal positions held by each in other companies, to the extent significant with respect to the Ansaldo Energia Group.

<b>Name</b>	<b>Position</b>	<b>Positions with other companies</b>
Filippo Abbà	Chief Executive Officer	N/A
Claudio Nucci	Chief Operating Office	Board Member of the Consortium SIIT Sistemi Intelligenti Integrati Tecnologie Board Member of the Consortium QUINN - Consorzio Universitario in Ingegneria per la Qualità e l'Innovazione President of the Power Plants and Components Group of ANIE ( <i>Federazione Nazionale Imprese Elettrotecniche ed Elettroniche</i> ) Energia. Vice-President, Shanghai Electric Gas Turbine Co., Ltd Director, Ansaldo Gas Turbine Technology Co., Ltd
Francesco Maestri	Sales Manager	N/A

<b>Name</b>	<b>Position</b>	<b>Positions with other companies</b>
Enrico Rebora	Product Engineering and Manufacturing Manager	N/A
Andrea Del Chicca	Human Resources and Organisation Manager	N/A
Giorgio Milite	Administration, Finance and Control Manager	N/A
Stefano Gianatti	Service Manager	N/A
Daniela Gentile	Research and Development Unit Manager	N/A

The business address of the members of Ansaldo Energia's management is the registered office of Ansaldo Energia, Via N. Lorenzi, 8, 16152 Genoa, Italy.

### ***Board of Statutory Auditors***

Pursuant to its by-laws, the Board of Statutory Auditors of Ansaldo Energia consists of three standing auditors and two alternate auditors. The members of the Board of Statutory Auditors may be re-elected.

The Board of Statutory Auditors of Ansaldo Energia as of the date of this Prospectus was appointed by a resolution of the Shareholders' Meeting on 20 April 2016, the term of such appointment lasting until the date of the Shareholders' Meeting called to approve the financial statements for the year ending on 31 December 2018.

The following table sets out the names and positions of the current members of the Board of Statutory Auditors of Ansaldo Energia.

<b>Name</b>	<b>Position</b>
Michele Casò	Chairman
Luigi Garavaglia	Standing Auditor
Pier Vittorio Vietti	Standing Auditor
Pietro Villa	Alternate Auditor
Barbara Aloisi	Alternate Auditor

None of the members of the Board of Statutory Auditors hold positions in other companies that are significant with respect to the Ansaldo Energia Group.

The business address of the members of Ansaldo Energia's Board of Statutory Auditors is the registered office of Ansaldo Energia, Via N. Lorenzi, 8, 16152 Genoa, Italy.

### ***Corporate governance***

Ansaldo Energia has adopted an Organisation, Management and Control Model (the "**Organisation Model**") pursuant to Legislative Decree No. 231/2001 and maintains a collegiate supervisory board (*organismo di vigilanza*) composed of three members, charged with monitoring the implementation of the Organisation Model, comprising specific protocols and/or procedures designed to control "sensitive" areas and prevent the commission of the offenses set forth in Legislative Decree No. 231/2001, as identified in the Organisation Model.

The Issuer has also adopted a Code of Ethics, the application of which has been extended to all subsidiaries.

The Organisational Model and the Code of Ethics are available for viewing on the Company's website at [www.ansaldoenergia.it](http://www.ansaldoenergia.it).

### ***Conflicts of interest***

As far as Ansaldo Energia is aware, there are no conflicts of interests between any duties to Ansaldo Energia of Ansaldo Energia's directors and statutory auditors and their private interests, and/or other duties.

### **Employees**

As at 31 December 2016, the Ansaldo Energia Group employed 4,254 people, compared to 3,505 as at 31 December 2015.

## SUMMARY FINANCIAL INFORMATION OF THE ISSUER

The following tables contain consolidated financial information of the Issuer as at and for the years ended 31 December 2016 and 2015, which is derived from and should be read in conjunction with, and is qualified in its entirety by reference to, the Issuer's audited consolidated annual financial statements as at and for the years ended 31 December 2016 and 2015, together with the accompanying notes and auditors' reports, all of which are incorporated by reference in this Prospectus. See "Information Incorporated by Reference".

The Issuer has prepared the consolidated annual financial statements referred to above in accordance with IFRS. PricewaterhouseCoopers S.p.A., the Issuer's current auditors, have audited the Issuer's consolidated annual financial statements as at and for the year ended 31 December 2016 and 2015, in each case without qualification.

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

### ANSALDO ENERGIA S.p.A. AUDITED CONSOLIDATED ANNUAL STATEMENT OF FINANCIAL POSITION

#### Assets

	As at 31 December	
	2016	2015
	<i>(thousands of Euro)</i>	
<b>Non-current assets</b>		
Intangible assets	1,512,339	1,154,994
Property, plant and equipment	235,357	223,524
Equity investments	36,363	10,438
Loans and receivables	0	147,783
Receivables	529	447
Deferred tax assets	20,729	12,022
	<b>1,805,317</b>	<b>1,549,208</b>
<b>Current assets</b>		
Inventories	490,183	340,993
Contract work in progress	58,918	101,989
Trade receivables	277,314	235,543
Tax assets	2,424	5,415
Loan assets	185,590	643
Derivatives	3,644	-
Other current assets	82,484	72,400
Cash and cash equivalents	250,889	98,259
	<b>1,351,446</b>	<b>855,242</b>
<b>TOTAL ASSETS</b>	<b>3,156,763</b>	<b>2,404,450</b>

**ANSALDO ENERGIA S.p.A.**  
**AUDITED CONSOLIDATED ANNUAL STATEMENT OF FINANCIAL POSITION**

**Equity and Liabilities**

	<b>As at</b>	
	<b>31 December</b>	
	<b>2016</b>	<b>2015</b>
	<i>(thousands of Euro)</i>	
<b>EQUITY</b>		
Share capital	100,000	100,000
Other reserves	498,983	445,741
Equity attributable to the owners of the parent	598,983	545,741
Equity attributable to non-controlling interests	-122	-9
<b>Total equity</b>	<b>598,861</b>	<b>545,732</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	484,643	412,039
Employee benefits	35,640	25,785
Provisions for risks and charges	252,090	270,572
Deferred tax liabilities	170,579	89,456
Other non-current liabilities	119,133	9,967
	<b>1,062,085</b>	<b>807,819</b>
<b>Current liabilities</b>		
Progress payments and advances from customers	754,907	538,324
Trade payables	382,791	366,052
Loans and borrowings	204,469	60,039
Tax liabilities	8,598	396
Provisions for risks and charges	12,477	15,537
Derivatives	15,322	21,281
Other current liabilities	117,253	49,270
	<b>1,495,817</b>	<b>1,050,899</b>
<b>Total liabilities</b>	<b>2,557,902</b>	<b>1,858,718</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,156,763</b>	<b>2,404,450</b>

**ANSALDO ENERGIA S.p.A.**  
**AUDITED CONSOLIDATED ANNUAL INCOME STATEMENT**

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2016</b>	<b>2015</b>
	<i>(thousands of Euro)</i>	
Revenue	1,253,269	1,059,737
Other operating income	29,758	17,733
Purchases	(474,404)	(299,310)
Services	(335,295)	(386,845)
Personnel expense	(315,971)	(229,685)
Amortisation, depreciation and impairment losses	(100,446)	(80,411)
Other operating expense	(20,803)	(20,593)
Change in finished goods, work-in-progress and semi-finished products	(11,454)	(3,744)
(-) Internal work capitalised	91,784	1,031
Badwill (net of integration costs)	20,449	-
<b>Operating profit</b>	<b>95,989</b>	<b>57,913</b>
Financial income	7,668	8,103
Financial expense	(45,429)	(51,100)
Share of profits (losses) of equity-accounted investees	(9,830)	(5,317)
<b>Profit before taxes and discontinued operations</b>	<b>48,398</b>	<b>9,599</b>
Income taxes	12,047	2,680
<b>Profit for the year</b>	<b>60,445</b>	<b>12,279</b>
- attributable to the owners of the parent	60,559	12,284
- attributable to non-controlling interests	(114)	(5)
	<i>(Euro)</i>	
Basic and diluted earnings per share	0.6	0.1

## TAXATION

### Italy

*The statements herein regarding taxation summarise the main Italian tax consequences of the purchase, the ownership and the disposal of the Notes. It is a general summary that does not apply to certain categories of investors and does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. It does not discuss every aspect of Italian taxation that may be relevant to a holder of the Notes and it shall not be considered nor construed as an opinion in connection with any information contained therein. This summary also assumes that the Issuer is resident only in Italy for tax purposes (without a permanent establishment abroad) and that the Issuer is organised and its business will be conducted as outlined in this Prospectus. Changes in the Issuer's tax residence, organisational structure or the manner in which the Issuer conduct their business may invalidate this summary. This summary also assumes that each transaction with respect to the Notes is at arm's length.*

*The statements herein regarding taxation are based on the tax laws and practice of the Republic of Italy in effect on the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The Issuer will not update this summary to reflect changes in laws and if any such changes occur the information in this summary could become invalid.*

*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.*

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

### Interest and other proceeds

#### **Notes that qualify as "obbligazioni" or "titoli similari alle obbligazioni"**

To the extent that Notes qualify as "obbligazioni" or "titoli similari alle obbligazioni", as defined hereunder, interest, premium and other proceeds (including the difference between the redemption amount and the issue price, hereinafter collectively referred to as "**Interest**") deriving from Notes, are subject to the tax regime provided for by Legislative Decree No. 239 of 1 April 1996, as amended ("**Decree No. 239**").

In particular, Decree No. 239 applies only to such notes which fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) pursuant to Article 44 of Italian Presidential Decree No. 917 of 22 December 1986, as amended ("**Decree No. 917**") provided (i) that they are issued by (a) banks, or by a company whose shares are traded on a regulated market or multilateral trading facility of a EU or EEA country which is included in the so called "white list" provided for by Ministerial Decree of 4 September 1996, as amended from time to time, or by a decree to be issued under the authority of Article 11(4)(c) of Decree No. 239 (as amended by Legislative Decree No. 147 of 14 September 2015) ("**White List**", the Ministry of Economy and Finance issued a decree broadening the list of countries and territories that allow an adequate exchange of information with the Italian Tax Authorities contained in the White List; the decree was published in the Official Journal on 3 April 2017), or (b) by economic public entities transformed in joint-stock companies by virtue of a provision of law, or (ii) if issued by companies other than those mentioned above, provided that (a) the notes themselves are traded on the mentioned regulated markets or multilateral trading



facilities or (b) the noteholder is a qualified investor (*investitore qualificato*) under Article 100 of the Financial Services Act. For this purpose, debentures similar to bonds are securities, other than shares and securities similar to shares, that incorporate an unconditional obligation to pay, at maturity, an amount not lower than that indicated thereon and that do not allow direct or indirect participation in the management of the issuer or of the business in relation to which they have been issued.

### **Italian Resident Noteholders**

Pursuant to Decree No. 239, where an Italian resident Noteholder, who is the beneficial owner of the Notes, is: (i) an individual not engaged in a business activity to which the Notes are effectively connected, (ii) a non-commercial partnership or professional association, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income tax (in each case, unless the relevant Noteholder has entrusted the management of its financial assets, including the Notes, to an authorised intermediary and has opted for the so-called "*Risparmio Gestito*" regime, see under paragraph "Capital Gains", below), interest payments in respect of Notes are subject to a final substitute tax, levied at the rate of 26 per cent. (*imposta sostitutiva*, either when such Interest is paid by the Issuer, or - pursuant to Legislative Decree No. 461 of 21 November 1997 - when payment thereof is obtained by the Noteholder on a sale of the relevant Notes). The *imposta sostitutiva* may not be recovered as a deduction from the income tax due.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Law No. 232 of 11 December 2016 ("the **Finance Act 2017**").

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

Pursuant to Decree No. 239, *imposta sostitutiva* is generally applied by banks, *società di intermediazione mobiliare* ("**SIMs**"), fiduciary companies, *società di gestione del risparmio* ("**SGRs**"), stock exchange agents (or permanent establishments in Italy of foreign intermediaries) and other entities identified by relevant decrees of the Ministry of Economics and Finance (the "**Intermediaries**" and each an "**Intermediary**").

The Intermediaries must: (i) be resident in Italy or permanent establishments in Italy of Intermediaries resident outside Italy; and (ii) intervene, in any way, in the collection of Interest or in the transfer of the Notes.

In order to apply the *imposta sostitutiva*, an Intermediary opens an account (the single account) to which it credits the *imposta sostitutiva* in proportion to the Interest accrued. In the event that more than one Intermediary participates in an investment transaction, the *imposta sostitutiva* in respect of the transaction is credited to or debited from the single account of the Intermediary having the deposit or investment management relationship with the investor.

Where the Notes and the relevant coupons are not deposited with an Intermediary, the *imposta sostitutiva* is applicable and withheld by any Italian bank or any Italian intermediary paying Interest to a Noteholder or by the Issuer.

The *imposta sostitutiva* regime described herein does not apply in cases where the Notes are held in a discretionary investment portfolio managed by an authorised intermediary pursuant to the so-called discretionary investment portfolio regime (the "*Risparmio Gestito*" regime), as described under "Capital Gains", below. In such case, to the extent that the Notes and the relevant coupons are deposited in a timely manner directly or indirectly with an Intermediary, Interest will not be subject to *imposta sostitutiva* but will contribute to determine the annual net accrued result of the managed portfolio, which, subject to certain exemptions, is generally subject to an *ad hoc* substitute tax of 26 per cent.

Where an Italian resident Noteholder is a corporation or a similar commercial entity (including commercial trusts and permanent establishments in Italy of foreign entities to which the Notes are effectively connected) and the Notes and the relevant coupons are deposited in a timely manner directly or indirectly with an Intermediary, then payments of Interest on Notes will not be subject to the *imposta sostitutiva*, but Interest accrued on the Notes must be included in the relevant Noteholder's annual corporate taxable income (and in certain circumstances, depending on the "status" of the Noteholder, also in the net value of production for the purposes of regional tax on productive activities – "**IRAP**") to be reported in the income tax return and are therefore subject to general Italian corporate taxation according to the ordinary tax rules.

Italian resident open-ended or closed-ended investment fund, a SICAF (an investment company with fixed capital) or a SICAV (an investment company with variable capital) (cumulatively referred to as "**Funds**") are not subject to any income tax. A 26 per cent. withholding tax is levied on proceeds received by certain categories of unitholders upon (i) distribution by Funds; or (ii) redemption or disposal of the units or liquidation of the Fund.

The above described regime, applicable to Funds, should also apply to Italian real estate investment funds established in accordance with Article 37 of the Consolidated Financial Act and Article 14bis of Law No. 86 of 25 January 1994 ("**Real Estate Investment Funds**") and to Italian real estate SICAFs ("**Real Estate SICAFs**"). In certain cases, a tax transparency regime may apply in respect of certain categories of investors, owning more than 5 per cent. of the Italian Real Estate Fund units or of the Real Estate SICAFs shares.

Italian pension funds subject to the regime provided for by Article 17 of Legislative Decree No. 252 of 5 December 2005 ("**Pension Funds**") are subject to an 20 per cent. substitute tax on their annual net accrued result. To the extent that the Notes and the relevant coupons are deposited in a timely manner directly or indirectly with an Intermediary, then Interest on Notes held by Pension Funds will not be subject to the *imposta sostitutiva*.

### ***Non-Italian Noteholders***

Interest payments relating to Notes may be exempt from taxation with respect to certain beneficial owners of the Notes resident outside of Italy, without permanent establishment in Italy to which the Notes are effectively connected. In particular, pursuant to Decree No. 239, as amended, subject to timely compliance with all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as outlined in brief below, an exemption applies to any non-Italian resident beneficial owner of the Notes who is: (i) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy listed in the White List; or (ii) an international body or entity set up in accordance with international agreements entered into force in Italy; or (iii) a central bank or an entity also authorised to manage the official reserves of a state; or (iv) subject to certain exceptions, is an institutional investor which is resident or established in a country included in the White List, even if it does not possess the status of taxpayer in its own country of residence or establishment.

The exemption procedure for non-Italian resident Noteholders to ensure payment of Interest in respect of the Notes without application of the *imposta sostitutiva* identifies two categories of Intermediaries:

- (a) an Italian or foreign bank or financial institution (there is no requirement for the bank or financial institution to be EU resident) (the “**First Level Bank**”), acting as intermediary in the deposit of the Notes and the relevant coupons held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); and
- (b) an Italian resident bank or SIM, or a permanent establishment in Italy of a non-resident bank or SIM, acting as depository or sub-depository of the Notes appointed to maintain direct relationships, via telematic link, with the Italian tax authorities (the “**Second Level Bank**”). Organizations and companies non-resident in Italy, providing a centralised administration of securities and directly connected with the Department of Revenue of the Ministry of Economics and Finance (which include Euroclear and Clearstream, Luxembourg) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian resident bank or SIM, or a permanent establishment in Italy of a non-resident bank or SIM, or a central depository of financial instruments pursuant to Article 80 of the Consolidated Financial Act) for the purposes of the application of Decree No. 239.

In the event that a non-Italian resident Noteholder deposits the Notes and the relevant coupons directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank.

The exemption from the *imposta sostitutiva* for Noteholders who are not resident in Italy is conditional upon:

- (i) the timely deposit of the Notes and the coupons relating thereto, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and
- (ii) the submission to the First Level Bank or the Second Level Bank, as the case may be, of a statement (*autocertificazione*) of the relevant Noteholder, to be provided only once, in which it declares, inter alia, to be the beneficial owner of the Notes and that it is resident in a country which recognises the Italian fiscal authorities' right to a satisfactory exchange of information. Such statement must comply with the requirements set forth by the Italian Ministerial Decree dated 12 December 2001, is valid until withdrawn or revoked (unless some information provided therein has changed) and needs not to be submitted where a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository. Specific requirements are provided for "institutional investors" (see Circular No. 23/E of 1 March 2002 and No. 20/E of 27 March 2003). The above statement is not requested for non-Italian resident investors that are international bodies or entities set up in accordance with international agreements entered into force in Italy or central banks or entities also authorised to manage the official reserves of a State.

The First Level Bank is obliged to send the above statement to the Second Level Bank within 15 days from receipt.

The Second Level Bank files the data relating to the non-resident Noteholder together with the data relating to the First Level Bank and of the transactions carried out, via telematic link, to the Italian Tax Authorities within the first transmission period after receipt of such data. Transmission periods are two-week periods per month during which the Second Level Bank transmits to the Italian Tax Authorities data relating to Note transactions carried out during the preceding month. The Italian Tax Authorities monitor and control such data and any discrepancies thereof.

In case of failure to comply with the above exemption procedure, the *imposta sostitutiva* will apply on Interest payable to non-resident Noteholders without permanent establishment in Italy to which the

Notes are effectively connected (increased by 1.5 per cent. for each month or fraction of a month of delay after the month in which payment of the *imposta sostitutiva* should have been made) pursuant to the ordinary rules applicable for the payment of the *imposta sostitutiva* by Italian resident investors.

In the case of non-Italian resident Noteholders without permanent establishment in Italy to which the Notes are effectively connected, other than those eligible for the above mentioned exemption, the *imposta sostitutiva* will be applicable at the rate of 26 per cent. or may be reduced (generally to 10 per cent.) or zeroed under certain applicable double tax treaties entered into by Italy, if more favourable, subject to timely filing of required documentation.

## **Capital Gains**

### ***Italian resident individuals***

Pursuant to Legislative Decree No. 461 of 21 November 1997, as amended (“**Decree No. 461**”), the *imposta sostitutiva* is in certain cases applicable at the rate of 26 per cent. to capital gains realised on sale or transfer of the Notes for consideration or on redemption thereof.

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

The *imposta sostitutiva* is applicable on capital gains realised by Italian resident individual Noteholders not engaged to entrepreneurial activities to which the Notes are effectively connected. Such Noteholders can opt for one of the three following regimes:

- (i) under the tax declaration regime (*Dichiarazione regime*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss of the same nature, realised by the Italian resident individual Noteholder holding the Notes not in connection with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss of the same nature, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains of the same nature realised in any of the four succeeding tax years.
- (ii) pursuant to the non-discretionary investment portfolio regime (*Risparmio Amministrato regime*), the Noteholder may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale, transfer or redemption of the Notes. Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries (or permanent establishments in Italy of foreign intermediaries) and (ii) an express election for the *Risparmio Amministrato* regime being timely made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes, net of any incurred capital loss of the same nature, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *Risparmio Amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains of the same nature subsequently realised, within the same securities management relationship, in the same tax year or in the following tax

years up to the fourth. Under the *Risparmio Amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

- (iii) pursuant to the discretionary investment portfolio regime (*Risparmio Gestito* regime), if the Notes are part of a portfolio managed by an Italian asset management company, capital gains will not be subject to the *imposta sostitutiva*, but will contribute to determine the annual net accrued result of the portfolio. Said annual net accrued result of the portfolio, even if not realised, is subject to an *ad hoc* 26 per cent. substitute tax to be applied on behalf of the Noteholder by the asset management company. Under the *Risparmio Gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *Risparmio Gestito* regime, the Noteholder is not required to declare the capital gains realised in the annual tax return and remains anonymous.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity may be exempt from Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Notes, if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Finance Act 2017.

#### ***Corporate investors (including banks and insurance companies)***

Capital gains realised by Italian resident corporate entities (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected) on sale, transfer or redemption of the Notes will form part of their aggregate income subject to corporation tax (“**IRES**”). In certain cases (depending on the status of the Noteholder), capital gains are also included in the taxable net value of production of Italian resident corporate entities (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected) for IRAP purposes (depending on the activity performed and where the latter is carried out). The gains are calculated as the difference between the sale price and the relevant tax basis of the Notes. Upon fulfilment of certain conditions, the gains may be taxed in equal instalments over up to five fiscal years for IRES purposes.

#### ***Funds***

In case of Notes held by Funds, capital gains on the Notes are not taxable at the level of such Funds. A withholding tax may apply at a rate up to 26 per cent. upon: (i) distribution by the Funds; or (ii) redemption or disposal of the units or liquidation of the Fund.

#### ***Pension Funds***

In case of Notes held by Italian Pension Funds, capital gains on the Notes will contribute to determine the annual net accrued result of same Pension Funds, which is generally subject to an 20 per cent. substitute tax (see also "Interest and other proceeds" above).

#### ***The Real Estate Investment Funds and Real Estate SICAFs***

Capital gains on Notes are not taxable at the level of Real Estate Investment Funds or Real Estate SICAFs. A withholding tax may apply in certain circumstances at a rate up to 26 per cent. on distributions made by the Real Estate Investment Fund or Real Estate SICAF. (see also "Interest and other proceeds" above).

#### ***Non-Italian resident Noteholders***

The *imposta sostitutiva* may in certain circumstances be payable on any capital gains realised upon sale, transfer or redemption of the Notes by non-Italian resident individuals and corporations without a

permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are traded on a regulated market in Italy or abroad, subject to timely filing of required documentation (in the form of a self-declaration - *autocertificazione* - of non-residence in Italy) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions of any applicable double tax treaty.

### **Inheritance and gift taxes**

Subject to certain conditions, transfer of Notes, *mortis causa* or by reason of donation, are subject to inheritance and gift taxes, provided that the issuer is resident in Italy.

Inheritance and gift taxes apply according to the following rates and exclusions:

- (i) transfers to spouse and to direct descendants or direct ancestors: 4 per cent. of the value of the notes exceeding €1 million for each beneficiary;
- (ii) transfers to brothers and sisters: 6 per cent. of the value of the notes exceeding €100,000 for each beneficiary;
- (iv) transfers to relatives (*parenti*) within the fourth degree, to direct relatives in law (*affini in linea retta*), indirect relatives in law (*affini in linea collaterale*) within the third degree other than the relatives indicated above: 6 per cent. of the value of the notes;
- (v) other transfers: 8 per cent. of the value of the notes.

If the heir/beneficiary is affected by an handicap deemed as "critical" pursuant to Law No. 104 of 5 February 1992, inheritance and gift taxes apply only on the value of assets (net of liabilities) exceeding € 1,500,000.

### **Transfer tax and stamp duty (*bollo*) and Wealth Tax (*IVAFE*)**

Contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds (*atti pubblici e scritture private autenticate*) executed in Italy should be subject to fixed registration tax at rate of €200; (ii) private deeds (*scritture private non autenticate*) should be subject to registration tax at rate of €200 only in case of use or voluntary registration.

Article 19 of Law Decree No. 201 of 6 December 2011 ("**Decree No. 201**") has introduced a stamp tax at proportional rates on periodical bank statements (*estratti conto*) sent by banks and financial intermediaries regarding, with certain exceptions (e.g. investments in pension funds), all financial instruments deposited in Italy. Such stamp duty applies at the yearly-based rate of 0.2 per cent. and cannot exceed €14,000 for taxpayers other than individuals. Some uncertainties exist in relation to mentioned stamp duty; however, based on the wording of the law, it may be understood that the stamp duty applies both to Italian resident Noteholders and to non-Italian resident Noteholders, to the extent that the Notes are held with an Italian-based financial intermediary.

If the Notes are held abroad by Italian resident individuals (not deposited in Italy and not managed by certain Italian intermediaries), another "stamp duty" (*IVAFE*) introduced by Article 19 of Decree No. 201 and amended by Law No. 161, 30 October 2014 applies at the yearly-based rate of 0.2 per cent. from the year 2014. This tax is calculated on the market value of the Notes at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to deduct from the tax a tax

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

### **Tax Monitoring Obligations**

Pursuant to Law Decree No. 167 of 28 June 1990, as amended by Law No. 97 of 6 August 2013, individuals, non-profit entities and certain partnerships (in particular, *società semplici* or similar partnerships in accordance with Article 5 of Decree No. 917) resident in Italy for tax purposes, who at the end of the year hold investments abroad or have financial foreign activities by means of which income of foreign source can be accrued must, in some circumstances, disclose the aforesaid and related transactions 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). The disclosure requirements are not due if the foreign financial investments (including the Notes) are held through an Italian resident intermediary or are only composed by deposits and/or bank accounts having an aggregate value not exceeding an €15,000 threshold throughout the year.

### **Financial transactions tax**

On 14 February 2013, the EU Commission adopted a proposal for a Council Directive (the “**Draft Directive**”) on a common financial transaction tax (“**FTT**”). According to the Draft Directive, the FTT shall be implemented and enter into effect in eleven EU Member States. Although implementation was originally envisaged for 1 January 2014, the process has been delayed.

On 17 June 2016, the EU discussed work on a proposal aimed at introducing a FTT in ten member States (Austria, Belgium, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain – “**Participating States**”).

Pursuant to the Draft Directive, the FTT shall be payable on financial transactions provided at least one party to the financial transaction is established or deemed established in a Participating Member State and there is a financial institution established or deemed established in a Participating Member State which is a party to the financial transaction. Among others, FTT shall however not be payable on primary market transactions referred to in Article 5 (c) of Regulation (EC) No. 1287/2006, including the activity of underwriting and subsequent allocation of financial instruments in the framework of their issue.

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

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

## SUBSCRIPTION AND SALE

Pursuant to a subscription agreement between the Issuer and the Managers dated 30 May 2017 (the "**Subscription Agreement**"), the Managers have agreed jointly and severally to subscribe for the Notes on the Closing Date at the issue price of 100 per cent. of their principal amount. The Issuer has agreed to pay commissions to the Managers and to reimburse certain of their expenses and to indemnify the Managers in respect of certain losses incurred in connection with the discharge of their duties under the Subscription Agreement. The Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

### **United States of America**

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

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986 and U.S. Treasury regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

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

### **United Kingdom**

Each Manager has represented, warranted and undertaken that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### **Republic of Italy**

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Manager has represented and agreed that no Notes may be offered, sold or delivered nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:



- (a) to qualified investors (*investitori qualificati*) as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended from time to time (the "**Financial Services Act**"), as implemented by Article 34-ter, first paragraph, letter b), of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (the "**Regulation No. 11971**"); or
- (b) in other circumstances which are exempted from the rules on public offerings of securities pursuant to Article 100 of the Financial Services Act or the implementing regulations of CONSOB, including Article 34-ter, first paragraph of Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy under paragraphs (a) and/or (b) above and 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 Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended from time to time (the "**Banking Act**"); and
- (2) in compliance, where applicable to the Managers, with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy issued on 25 August 2015 and amended on 10 August 2016, as further amended from time to time; and
- (3) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy or any other competent authority.

#### **General**

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

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

## GENERAL INFORMATION

### Authorisation

The creation and issue of the Notes has been authorised by a resolution passed by the Issuer's Board of Directors on 12 April 2017.

### Listing and Admission to Trading

Application has been made for the Notes to be admitted to listing on the official list of the Luxembourg Stock Exchange and to trading on its Euro MTF market.

### Use of Proceeds

The net proceeds of the issue of the Notes will be used by the Issuer for general corporate purposes, including financing of capital expenditure and refinancing of investments not already amortised in the field of research, development and innovation, and for the refinancing of existing debt granted by certain Managers and/or by their affiliates (including parent companies), which may include the purchase for cash of any Existing Notes (as defined below) which are accepted for purchase pursuant to the Offer (as defined below) and the partial repayment and restructuring of certain financing facilities. See also “– *Interests of Natural and Legal Persons involved in the Issue/Offer*” below.

### Legal and Arbitration Proceedings

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

### Significant/Material Change

Since 31 December 2016, there has been no material adverse change in the prospects of the Issuer and no significant change in the financial or trading position of the Group.

### Auditors

The consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2016 and 2015 have been audited without qualification by PricewaterhouseCoopers S.p.A., the Issuer's current independent auditors. PricewaterhouseCoopers S.p.A. is authorised and regulated by the Italian Ministry of Economy and Finance (the “MEF”) and registered on the register of auditing firms held by the MEF. The registered office of PricewaterhouseCoopers S.p.A. is at Via Monte Rosa 91, 20149 Milan, Italy.

### Documents on Display

For so long as the Notes remain outstanding, physical or electronic copies of the following documents (together, where appropriate, with English translations) may be obtained free of charge from the Fiscal Agent or inspected, in each case during normal business hours at its offices at 60 avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg:

- (a) the By-laws (*statuto*) of the Issuer;
- (b) the Agency Agreement;
- (c) the Deed of Covenant; and
- (d) the audited consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2015, and 2016.

No interim financial statements are published by the Issuer.

### **Interests of Natural and Legal Persons involved in the Issue/Offer**

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

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

Certain Managers are currently acting as dealer managers in connection with the invitation by the Issuer to the holders of its outstanding €420,000,000 2.875 per cent. Notes due 2020 (ISIN: XS1224617347) (the "**Existing Notes**") to tender the Existing Notes for purchase by the Issuer for cash (the "**Offer**").

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

For the purposes of the paragraphs above, the word "affiliate" also includes parent companies.

### **Yield**

On the basis of the issue price of the Notes of 100 per cent. of their principal amount, the gross yield of the Notes is 2.750 per cent. on an annual basis. Such amount is not, however, an indication of future yield.

### **Legend concerning US Persons**

The Permanent Global Note, Definitive Notes and any Coupons appertaining thereto will bear a legend to the following effect:

*"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".*

### **Clearing and Settlement**

The Notes have been accepted for clearance and settlement through Euroclear and Clearstream, Luxembourg.

The Notes have the following ISIN and common code assigned to them:

ISIN: XS1624210933

Common code: 162421093

## **ISSUER**

### **Ansaldo Energia S.p.A.**

*Registered office:*  
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## **JOINT LEAD MANAGERS**

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20121 Milan  
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### **Banco Santander, S.A.**

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Madrid,  
Spain

### **Barclays Bank PLC**

5 The North Colonnade  
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London E14 4BB  
United Kingdom

### **BNP Paribas**

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United Kingdom

### **Commerzbank Aktiengesellschaft**

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60311 Frankfurt am Main  
Federal Republic of Germany

### **Crédit Agricole**

**Corporate and Investment Bank**  
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92920 Paris La Défense Cedex  
France

### **HSBC Bank plc**

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London E14 5HQ  
United Kingdom

### **Société Générale**

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### **UniCredit Bank AG**

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81925 Munich  
Federal Republic of Germany

## **CO-MANAGER**

### **Unione di Banche Italiane S.p.A.**

Corso Europa, 20  
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## **FISCAL AGENT AND PAYING AGENT**

### **BNP Paribas Securities Services, Luxembourg Branch**

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Grand Duchy of Luxembourg

## **LEGAL ADVISERS**

*To the Issuer as to English and Italian law:*

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*To the Managers as to English and Italian law:*

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## **AUDITORS TO THE ISSUER**

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## **LISTING AGENT**

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