



**CASSA DEL TRENTINO S.P.A.**

*(incorporated as a società per azioni in the Republic of Italy and a company directed and co-ordinated (soggetta all' attività di direzione e coordinamento) by the Autonomous Province of Trento)*

**€1,000,000,000**

**Euro Medium Term Note Programme**

**unconditionally and irrevocably guaranteed by the Autonomous Province of Trento**

Under this €1,000,000,000 Euro Medium Term Note Programme (the "**Programme**"), Cassa del Trentino S.p.A. (the "**Issuer**") may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). Payments of all amounts due in respect of Notes will be guaranteed by the Autonomous Province of Trento (the "**Province**" or the "**Guarantor**") pursuant to a Guarantee (the "**Deed of Guarantee**"). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €1,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

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

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

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme for the period of twelve (12) months from the date of this Base Prospectus to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange pursuant to Chapter 2 of Part III of the *Loi relative aux prospectus pour valeurs mobilières* dated 10 July 2005, as amended (the "**Luxembourg Prospectus Act**"). The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC, as amended (the "**Markets in Financial Instruments Directive**").

Notes will be issued in bearer form and each Tranche of Notes will be initially issued in the form of a temporary global note (a "**Temporary Global Note**") or, if so specified in the applicable Final Terms, a permanent global note (a "**Permanent Global Note**"). If the Global Notes are stated in the applicable Final Terms to be issued in new global note ("NGN") form, they will be delivered on or prior to the original issue date of the relevant tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"). If the Global Notes are not intended to be issued in NGN form, they will be delivered on or prior to the original issue date of the relevant tranche to a common depository (the "**Common Depository**") for Euroclear and Clearstream, Luxembourg. The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "*Form of the Notes*". Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche of Notes will be set out in a final terms document (the "**Final Terms**") which, with respect to Notes to be listed on the Luxembourg Stock Exchange will be filed with the Luxembourg Stock Exchange. The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplemental Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

As more fully described in the "*Taxation*" section herein, payments of interest, premium and other income on Notes qualifying as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) which are either listed on a Qualified Market or held by Qualified Investors (as defined in the "*Taxation*" section herein), are subject, in principle, to a 26 per cent. substitutive tax (referred to as *imposta sostitutiva*), in certain circumstances. In order to obtain an exemption from the *imposta sostitutiva* in respect of payments of interest, premium or other income relating to the Notes, each Noteholder not resident in the Republic of Italy is generally required to certify that such Noteholder is eligible for the exemption, as more fully described in the "*Taxation*" section herein.

Payments of interest, premium and other income on Notes that are not listed on a Qualified Market and that are not held by Qualified Investors (as defined in the "*Taxation*" section herein) are subject to a withholding tax at a rate of 26 per cent.. Noteholders wishing to obtain the benefit of double taxation treaties with Italy may apply to the Italian tax authorities for a refund on withholding tax, as described in more detail in the "*Taxation*" section herein.

Neither the Issuer nor the Guarantor (as applicable) will in any circumstances be required to pay additional amounts in order to gross-up or otherwise compensate Noteholders for the amounts deducted as a result of such substitutive tax (in respect of Notes that are listed on a Qualified Market or held by Qualified Investors) or such withholding tax (in respect of Notes that are not listed on a Qualified Market or that are not held by Qualified Investors) or certain other withholding or deductions, as more fully set out in Condition 6 (*Taxation*).

**Arranger**

**BNP PARIBAS**

**Dealers**

**Banca Akros S.p.A. - Gruppo Bipiemme Banca Popolare di Milano**

**Banca IMI**

**ING**

**MPS Capital Services**

**Banca Aletti & C.**

**BNP PARIBAS**

**MUFG**

**The Royal Bank of Scotland**

**UniCredit Bank**

The date of this Base Prospectus is 7 October 2014.

Each of the Issuer and the Guarantor (the "Responsible Persons") accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer and the Guarantor (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of Final Terms will be available from the registered office of the Issuer and the specified office set out below of each of the Paying Agents (as defined below).

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

The Issuer and the Guarantor will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or by any of their respective affiliates as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Programme. Neither the Dealers nor any of their respective affiliates accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Programme.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers, as the case may be.

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

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

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

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "Securities Act") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see "*Subscription and Sale*").

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

**All references in this document to *euro* and € refer to the single currency introduced at the start of the third stage of 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.**

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**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Managers)) in accordance with all applicable laws and rules.**

## GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Notes denominated in any currency and having any maturity, subject as set out herein. An overview of the Programme and the Notes appears on pages 6 to 10. The applicable terms of any Notes will be agreed between the Issuer, the Guarantor and the relevant Dealer(s) prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Final Terms attached to, or endorsed on, such Notes, as more fully described under Form of the Notes on page 19.

This Base Prospectus and any supplement will only be valid for listing Notes on the Luxembourg Stock Exchange in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed €1,000,000,000 or its equivalent in other currencies. For the purpose of calculating the euro equivalent of the aggregate amount of Notes issued under the Programme from time to time:

- (a) the euro equivalent of Notes denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the relevant Notes, described under Form of the Notes) shall be determined, at the discretion of the Issuer, either as of the date of agreement to issue such Notes (the "**Agreement Date**") or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the euro against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading bank selected by the Issuer on such date;
- (b) the euro equivalent of Dual Currency Notes, Index Linked Notes and Partly Paid Notes (each as specified in the applicable Final Terms in relation to the relevant Notes, described under Form of the Notes) shall be calculated in the manner specified above by reference to the original nominal amount of such Notes (in the case of Partly Paid Notes regardless of the amount of the subscription price paid); and
- (c) the euro equivalent of Zero Coupon Notes (as specified in the applicable Final Terms in relation to the relevant Notes, described under Form of the Notes) and other Notes issued at a discount or premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issues.

## OVERVIEW OF THE PROGRAMME

*The following overview of the Programme does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms.*

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

<b>Issuer:</b>	Cassa del Trentino S.p.A.
<b>Guarantor:</b>	The Autonomous Province of Trento
<b>Risk Factors:</b>	Investing in Notes issued under the programme involves certain risks. The principal risk factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme are set out under "Risk Factors" below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "Risk Factors" and include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of particular Series of Notes and certain market risks.
<b>Description:</b>	Euro Medium Term Note Programme
<b>Arranger:</b>	BNP PARIBAS
<b>Dealers:</b>	Banca Aletti & C. S.p.A. Banca Akros S.p.A. - Gruppo Bipiemme Banca Popolare di Milano Banca IMI S.p.A. BNP PARIBAS ING Bank N.V. Mitsubishi UFJ Securities International plc MPS Capital Services S.p.A. The Royal Bank of Scotland plc UniCredit Bank AG  and any other Dealers appointed in accordance with the Programme Agreement (as defined in "Subscription and Sale").
<b>Certain Restrictions:</b>	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "Subscription and Sale") including the following restrictions applicable at the date of this Base Prospectus.

### ***Notes having a maturity of less than one year***

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

<b>Issuing and Principal Paying Agent:</b>	Deutsche Bank AG, London Branch
<b>Luxembourg Listing and Paying Agent:</b>	Deutsche Bank Luxembourg S.A.
<b>Programme Size:</b>	Up to €1,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
<b>Distribution:</b>	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
<b>Currencies:</b>	Subject to any applicable legal or regulatory restrictions, Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer.
<b>Maturities:</b>	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the Bank of Italy (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
<b>Issue Price:</b>	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
<b>Form of Notes:</b>	The Notes will be issued in bearer form as described in " <i>Form of the Notes</i> ".
<b>Fixed Rate Notes:</b>	Interest on Fixed Rate Notes will be payable in arrear on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
<b>Floating Rate Notes:</b>	<p>Floating Rate Notes will bear interest at a rate determined:</p> <ul style="list-style-type: none"> <li>(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or</li> <li>(b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or</li> <li>(c) on such other basis as may be agreed between the Issuer and the relevant Dealer.</li> </ul> <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.</p>
<b>Index Linked Notes:</b>	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or

to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree.

**Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:**

Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

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

**Dual Currency Notes:**

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.

**Zero Coupon Notes:**

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

**Redemption:**

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

The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

Notes having a maturity of less than one year are subject to restrictions on their denomination and distribution, see "*Certain Restrictions - Notes having a maturity of less than one year*" above.

**Denomination of Notes:**

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer, save that the minimum denomination of each Note will be €100,000 (or its equivalent in any other currency) and **provided further that** the denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions - Notes having a maturity of less than one year*" above.

**Taxation:**

All payments in respect of Notes will be made free and clear of withholding taxes of the Republic of Italy, unless the withholding is required by law. In that event, the Issuer or the Guarantor (as applicable) will (subject as provided in Condition 6 (*Taxation*)) 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 been required.

As more fully described in the "*Taxation*" section herein,



payments of interest, premium and other income on Notes qualifying as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) which are listed on a Qualified Market or held by Qualified Investors (as defined in the "Taxation" section herein) are subject, in principle, to a 26 per cent. substitutive tax (referred to as *imposta sostitutiva*), in certain circumstances. In order to obtain an exemption from the *imposta sostitutiva* in respect of payments of interest, premium or other income relating to the Notes, each Noteholder not resident in the Republic of Italy is generally required to certify that such Noteholder is eligible for the exemption, as more fully described in the "Taxation" section herein.

Payments of interest, premium and other income on Notes that are not listed on a Qualified Market or that are not held by Qualified Investors (as defined in the "Taxation" section herein) are subject to a withholding tax at a rate of 26 per cent.. Noteholders wishing to obtain the benefit of double taxation treaties with Italy may apply to the Italian tax authorities for a refund on withholding tax, as described in more detail in the "Taxation" section herein.

**Neither the Issuer nor the Guarantor (as applicable) will in any circumstances be required to pay additional amounts in order to gross-up or otherwise compensate Noteholders for the amounts deducted as a result of such substitutive tax or certain other withholding or deductions, as more fully set out in Condition 6 (Taxation) (in respect of Notes that are listed on a Qualified Market or that are held by Qualified Investors) or such withholding tax (in respect of Notes that are not listed on a Qualified Market or that are not held by Qualified Investors).**

<b>Negative pledge:</b>	The terms of the Notes will not contain a negative pledge.
<b>Cross Default:</b>	The terms of the Notes will contain a cross default provision as further described in Condition 8 ( <i>Events of Default</i> ).
<b>Status of the Notes:</b>	The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
<b>Status of the Guarantee:</b>	The obligations of the Guarantor under the Deed of Guarantee will constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor, from time to time outstanding.
<b>Rating:</b>	The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms.
<b>Listing and admission to trading:</b>	Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange pursuant to Chapter 2 of Part III of the Luxembourg Prospectus Act.

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

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

**Governing Law:**

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.

**Selling Restrictions:**

There are restrictions on the offer, sale and transfer of the Notes in the United States, the United Kingdom, the Republic of Italy, France and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".

## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. 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 Notes issued under the Programme are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors in the Notes should also read the detailed information set out elsewhere in this Base Prospectus and consult with their own legal, business and tax advisors in order to reach their own views prior to making any investment decision.*

*Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" shall have the same meanings in this "Risk Factors" section.*

### **Risk factors relating to the Issuer**

#### ***State aid***

The grant of a public contribution by a Member State to an undertaking may, in certain circumstances, constitute state aid which may be declared incompatible with the common market of the European Union. In general terms, a state contribution constitutes state aid if it distorts, or threatens to distort, competition by favouring certain undertakings or the production of certain categories of goods or services over others, insofar as it affects trade between Member States. The European Commission has power to intervene against state aid by, *inter alia*, bringing proceedings against Member States or requiring repayment of state aid by the person who receives it.

The Issuer's activities are closely linked to the finances of the Province which supports the Issuer and holds its entire share capital. As at the date of this Base Prospectus, the Issuer does not believe that any aspect of its relationship with the Province constitutes state aid.

#### ***Events outside of the Issuer's control***

The financial condition, results of operations and prospects of the Issuer may be adversely affected by events outside its control, namely changes in laws or regulations or in government policy, changes to the current status of the Province, taxation and other political, economic or social developments in or affecting the Province and/or the Republic of Italy generally.

After the merger with Tecnofin Trentina S.p.A., the Issuer has acquired shareholdings in other companies and this may have an impact on its economic results. The Issuer does not expect substantial changes to its economic results from the holding of such interests, also considering the marginal incidence of certain shareholdings and the prospective results of the other companies, which are to be evaluated also on the basis of the policies for the distribution of dividends. Specifically, the interest in *Autostrada del Brennero S.p.A. (A22)* represents the most relevant shareholding, from which the Issuer would expect to obtain a positive impact on its future financial statements, also taking into account the proposed renewal of the concession pursuant to art. 5 of Legislative Decree No. 133/2014.

#### ***International financial crisis***

Since the second half of 2007, disruption in the global credit markets has created increasingly difficult conditions in the financial markets. These conditions have resulted in decreased liquidity and greater volatility in global financial markets, and continue to affect the functioning of financial markets and to impact the global economy. In Europe, despite measures taken by several 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, concerns persist regarding the debt and/or deficit burden of certain Eurozone countries, including the Republic of Italy, and their ability to meet future financial obligations, given the

diverse economic and political circumstances in individual member states of the Eurozone. It remains difficult to predict the effect of these measures on the economy and on the financial system, how long the crisis will exist and to what extent the Issuer's business, results of operations and financial condition may be adversely affected.

As a result, the Issuer's ability to access the capital and financial markets and to refinance debt to meet the financial needs of the Issuer may be adversely impacted and costs of financing may significantly increase. This could materially and adversely affect the business, results of operations and financial condition of the Issuer, with a consequent adverse effect on the market value of the Notes and the Issuer's ability to meet its obligations under the Notes.

### **Risk factors relating to Notes issued under the Programme**

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

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

- (a) 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 Base Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments 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.

#### ***Risks related to the structure of a particular issue of Notes***

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

##### *Notes subject to optional redemption by the Issuer*

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

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

### *Redemption for tax reasons*

In the event that the Issuer or the Guarantor (as applicable) 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 (where such increase results from 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), the Issuer may redeem all outstanding Notes in accordance with the Conditions. In these circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

### *Index Linked Notes and Dual Currency Notes*

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**"). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (a) the market price of such Notes may be volatile;
- (b) they may receive no interest;
- (c) payment of principal or interest may occur at a different time or in a different currency than expected;
- (d) they may lose all or a substantial portion of their principal;
- (e) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (f) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (g) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations – in general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed in an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

### *Partly-paid Notes*

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

### *Notes issued at a substantial discount or premium*

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

### ***Risks related to Notes generally***

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

#### *Modification*

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

#### *Foreign Account Tax Compliance Act withholding ("FATCA")*

Whilst the Notes are in global form and held within Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme (together, the "ICSDs"), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the ICSDs (see Taxation – Foreign Account Tax Compliance Act). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. Each of the Issuer's obligations under the Notes are discharged once it has paid the common depositary or common safekeeper for the ICSDs (as bearer of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the ICSDs and custodians or intermediaries.

#### *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Directive**"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

On 18 March 2014, the Luxembourg government submitted to the Luxembourg Parliament the draft bill No. 6668 on taxation of savings income putting an end to the current withholding tax regime as from 1 January 2015 and implementing the automatic exchange of information as from that date. This draft bill is in line with the announcement of the Luxembourg government of April 2013.

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

State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note in order to gross-up or otherwise compensate the Noteholders for the lesser amounts the Noteholders would receive as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

#### *Taxation*

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

As more fully described in the "*Taxation*" section herein, payments of interest, premium and other income on Notes qualifying as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) which are listed on a Qualified Market or held by Qualified Investors (as defined in the "*Taxation*" section herein) are subject, in principle, to a 26 per cent. substitutive tax (referred to as *imposta sostitutiva*), in certain circumstances. In order to obtain an exemption from the *imposta sostitutiva* in respect of payments of interest, premium or other income relating to the Notes, each Noteholder not resident in the Republic of Italy is generally required to certify that such Noteholder is eligible for the exemption, as more fully described in the "*Taxation*" section herein.

Payments of interest, premium and other income on Notes that are not listed on a Qualified Market or that are not held by Qualified Investors (as defined in the "*Taxation*" section herein) are subject to a withholding tax at a rate of 26 per cent.. Noteholders wishing to obtain the benefit of double taxation treaties with Italy may apply to the Italian tax authorities for a refund on withholding tax, as described in more detail in the "*Taxation*" section herein.

Neither the Issuer nor the Guarantor (as applicable) will in any circumstances be required to pay additional amounts in order to gross-up or otherwise compensate Noteholders for the amounts deducted as a result of such substitutive tax or certain other withholding or deductions, as more fully set out in Condition 6 (*Taxation*) (in respect of Notes that are listed on a Qualified Market or held by Qualified Investors) or such withholding tax (in respect of Notes that are not listed on a Qualified Market or that are not held by Qualified Investors).

#### *Limited rights of individual Noteholders*

The Agency Agreement contains provisions relating to Noteholders' meetings, which may be called by the Issuer or the Noteholders' Representative and must be called if required by Noteholders representing one twentieth of the outstanding nominal amount of Notes. Noteholders at their meetings may pass an Extraordinary Resolution on a wide variety of matters, including amendments to the Conditions or waiver of an event of default by the Issuer. An Extraordinary Resolution is binding on all Noteholders, regardless of how or whether the Noteholder voted at the meeting and, accordingly, may limit the ability of individual Noteholders to enforce their rights against the Issuer, even where (for example) the Conditions are amended on terms which not every Noteholder considers to be particularly favourable.

### ***Change of law***

The structure of the Programme is based on Italian law, tax and administrative practice in effect at the date hereof, and having due regard to the expected tax treatment of all relevant entities under such law and practice. The conditions of the Notes and the Deed of Guarantee are based on English Law in effect at the date hereof. No assurance can be given as to any possible change to English or Italian law, or to tax or administrative practice or change in the interpretation thereof after the issue of the Notes.

### ***Notes where denominations involve integral multiples: definitive Notes***

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

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

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

#### ***The secondary market generally***

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

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

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

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

#### ***Interest rate risks***

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

#### ***Credit ratings may not reflect all risks***

One or more independent credit rating agencies may assign credit ratings to the Notes. The value of the Notes may be adversely affected by, amongst other things, any downgrade in the Issuer's credit rating or any announcement by the rating agency of a possible downgrade. However, the ratings may not reflect



the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. Furthermore, a credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

*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 (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## DOCUMENTS INCORPORATED BY REFERENCE

The information set out in the cross-reference tables below shall be incorporated in, and form part of, this Base Prospectus. Any information contained in the following documents, but not included in the cross-reference tables set out below, is not incorporated by reference in this Base Prospectus and should be read for information purposes only.

- (a) the auditors' report and audited annual financial statements of the Issuer for the financial year ended 31 December 2012:
- |  |                       |
|--|-----------------------|
| Balance Sheet.....                                 | Pages 6-7             |
| Income Statement.....                              | Page 8                |
| Statement of Comprehensive Income .....            | Page 9                |
| Statement of Changes in Shareholders' Equity ..... | Page 10               |
| Cash flow Statement .....                          | Page 11               |
| Notes to the Accounts .....                        | Page 13 and following |
| Auditors' Report.....                              | Pages 98-101          |
- (b) the auditors' report and audited annual financial statements of the Issuer for the financial year ended 31 December 2013:
- |  |                       |
|--|-----------------------|
| Balance Sheet.....                                 | Pages 6-7             |
| Income Statement.....                              | Page 8                |
| Comprehensive Income Statement.....                | Page 9                |
| Statement of Changes in Shareholders' Equity ..... | Page 10               |
| Cash flow Statement .....                          | Page 11               |
| Notes to the Accounts .....                        | Page 14 and following |
| Auditors' Report.....                              | Pages 142-143         |
- (c) the Terms and Conditions contained in the Base Prospectus dated 2 July 2013, pages 21 to 43 (inclusive) prepared by the Issuer in connection with the Programme.

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

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in Luxembourg and are available for viewing on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu).

## FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a Temporary Global Note or, if so specified in the applicable Final Terms, a Permanent Global Note which, in either case, will:

- (a) if the Global Notes are intended to be issued in NGN form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to the Common Safekeeper for Euroclear and Clearstream, Luxembourg; and
- (b) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to the Common Depository for Euroclear and Clearstream, Luxembourg.

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

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

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

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default (as defined in Condition 8 (*Events of Default*)) has occurred and is continuing, or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 12 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all Notes which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes:

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

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

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

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche may be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

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

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 8 (*Events of Default*). In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on such day. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the "**Deed of Covenant**") dated 7 October 2014 and executed by the Issuer.

Notwithstanding the definition of "Payment Day" in the Conditions, while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depository or a common depository or safekeeper for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, "**Payment Day**" means:

- (a) if the currency of payment is euro, any day on which the TARGET2 system is open and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the principal financial centre of the relevant specified currency and in each (if any) Additional Financial Centre.

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be attached to each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

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

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

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

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 7 October 2014 and made between the Issuer, the Guarantor (as defined below), Deutsche Bank AG, London Branch as issuing and principal paying agent and agent bank (the "**Agent**", which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes have interest coupons ("**Coupons**") and, if indicated in the applicable Final Terms, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Notes do not have Receipts, Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the "**Conditions**") and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the "**applicable Final Terms**" are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

The Autonomous Province of Trento (the "**Guarantor**") has unconditionally and irrevocably guaranteed the due payment of all sums due and payable by the Issuer under the Notes pursuant to a guarantee dated 7 October 2014 (the "**Deed of Guarantee**").

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

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which, pursuant to Condition 14 (*Further Issues*) below, are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and

admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices and the amount and date of the first payment of interest thereon.

The Noteholders, the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (the "**Deed of Covenant**") dated 7 October 2014 and made by the Issuer. The original of the Deed of Covenant is held by the common depository for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer and of the Agent and copies may be obtained from those offices. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant, the Deed of Guarantee and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

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

## 1. **FORM, DENOMINATION AND TITLE**

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

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis specified in the applicable Final Terms.

This Note may be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis specified in the applicable Final Terms.

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

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

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

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

## 2. STATUS OF THE NOTES AND OF THE DEED OF GUARANTEE

### 2.1 Status of the Notes

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

### 2.2 Status of the Deed of Guarantee

The obligations of the Guarantor under the Deed of Guarantee are direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor, from time to time outstanding.

## 3. INTEREST

### 3.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

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

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

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

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

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

**"Day Count Fraction"** means, in respect of the calculation of an amount of interest in accordance with this Condition 3.1:

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

In the Conditions:

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

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

### 3.2 **Interest on Floating Rate Notes and Index Linked Interest Notes**

(a) ***Interest Payment Dates***

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

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.



Such interest will be payable in respect of each Interest Period (which expression shall, in the Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

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

- (A) in any case where Specified Periods are specified in accordance with Condition 3.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, "**Business Day**" means a day which is both:

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

(b) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(i) *ISDA Determination for Floating Rate Notes*

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

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is either (a) if the applicable Floating Rate Option is based on the London interbank offered rate ("**LIBOR**") or on the Euro-zone interbank offered rate ("**EURIBOR**"), the first day of that Interest Period or (b) in any other case, as specified in the applicable Final Terms.

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

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

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

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

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

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 am (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

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

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

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

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

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

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

The Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Agent will calculate the amount of interest (the "**Interest Amount**") payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (ii) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

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

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 3.2:

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

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

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

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

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

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

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

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

- (e) ***Notification of Rate of Interest and Interest Amounts***

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 12 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 12 (*Notices*). For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(f) ***Certificates to be final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3.2, whether by the Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Issuer, the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

3.3 **Interest on Dual Currency Interest Notes**

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Final Terms.

3.4 **Interest on Partly Paid Notes**

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

3.5 **Accrual of interest**

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

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12 (*Notices*).

4. **PAYMENTS**

4.1 **Method of payment**

Subject as provided below:

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

All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 6 (*Taxation*); and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 or otherwise imposed pursuant to Sections 1471 through 1474 of that Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

#### 4.2 **Presentation of definitive Notes, Receipts and Coupons**

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 4.1 (*Method of Payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 4.1 (*Method of Payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 4.1 (*Method of Payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes, Index Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7 (*Prescription*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 7 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

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

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

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

#### 4.3 **Payments in respect of Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive

Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

#### 4.4 **General provisions applicable to payments**

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

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

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

#### 4.5 **Payment Day**

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 7 (*Prescription*)) is:

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



#### 4.6 **Interpretation of principal and interest**

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

- (a) the Final Redemption Amount of the Notes;
- (b) the Early Redemption Amount of the Notes;
- (c) the Optional Redemption Amount(s) (if any) of the Notes;
- (d) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 5.5 (*Early Redemption Amounts*));
- (f) any additional amounts which may be payable by the Issuer under Condition 6 (*Taxation*); and
- (g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

#### 5. **REDEMPTION AND PURCHASE**

##### 5.1 **Redemption at maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

##### 5.2 **Redemption at the option of the Issuer (Issuer Call)**

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

- (a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 12 (*Notices*); and
- (b) not less than 15 days before the giving of the notice referred to in (a) above, notice to the Agent;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 12 (*Notices*) not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 5.2 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 12 (*Notices*) at least five days prior to the Selection Date.

### 5.3 **Redemption at the option of the Noteholders (Investor Put)**

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 12 (*Notices*) not less than 15 nor more than 30 days' notice, the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions setting forth such conditions and/or circumstances will be set out in the applicable Final Terms.

To exercise the right to require redemption of this Note, the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the relevant notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 5.3 accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the relevant notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

### 5.4 **Redemption for tax reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part:

- (a) at any time (if neither the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable); or
- (b) on any Interest Payment Date (if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable),
- (c) on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount, together with interest accrued (if any) to the date fixed for redemption, if:
  - (i) (1) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 6 (*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, which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; and
  - (ii) (1) the Guarantor has or (if a demand was made under the Deed of Guarantee) would become obliged to pay additional amounts as provided or referred to in Condition 6 (*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 the date of issue of the first Tranche of the Notes and (2) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it,

**provided, however, that** no such notice of redemption shall be given earlier than:

- (A) where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Deed of Guarantee were then made; or
- (B) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Deed of Guarantee were then made.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver or procure that there is delivered to the Agent (1) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the Guarantor 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 5.4, the Issuer shall be bound to redeem the Notes in accordance with this Condition 5.4.

## 5.5 **Early Redemption Amounts**

For the purposes of Condition 5.4 (*Redemption for tax reasons*) and Condition 8 (*Events of Default*), each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (b) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (c) in the case of a Zero Coupon Note, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

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

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

<sup>y</sup> is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon

which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

5.6 **Instalments**

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 5.5 (*Early Redemption Amounts*).

5.7 **Partly Paid Notes**

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

5.8 **Purchases**

The Issuer or any Subsidiary of the Issuer may at any time purchase Notes (**provided that**, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

5.9 **Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 5.8 (*Purchase*) above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

5.10 **Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 5.1 (*Redemption at Maturity*), 5.2 (*Redemption at the option of the Issuer (Issuer Call)*), 5.3 (*Redemption at the option of the Noteholders (Investor Put)*) or 5.4 (*Redemption for tax reasons*) above or upon its becoming due and repayable as provided in Condition 8 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 5.5(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12 (*Notices*).

6. **TAXATION**

- 6.1 All payments of principal and interest in respect of the Notes, Receipts and Coupons by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Noteholders, Receiptholders and 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, Receipt or Coupon presented for payment:

- (a) by or on behalf of a Noteholder, Couponholder or Receiptholder who is (a) 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 such Note, Receipt or Coupon; or (b) entitled to avoid such deduction or withholding by making a declaration of non-residence or similar claims or exemptions; or
- (b) more than 30 days after the Relevant Date, except to the extent that the relevant Noteholder, Couponholder or Receiptholder would have been entitled to such additional amounts if it had presented the relevant Note, Receipt or Coupon for payment on the last day of such period of 30 days; or
- (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, this Directive; or
- (d) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or
- (e) in the Republic of Italy; or
- (f) in relation to any payment or deduction of any interest, principal or other proceeds of any Note, Receipt or Coupon on account of *imposta sostitutiva* pursuant to Legislative Decree No. 239 of 1 April 1996 (as, or as may subsequently be, amended or supplemented) and related regulations of implementation which have been or may subsequently be enacted ("**Legislative Decree 239**") with respect to any Note, Coupon or Receipt; or
- (g) in respect of Notes that are classified as atypical securities where such withholding or deduction is required pursuant to Law Decree No. 512 of 30 September 1983, as amended, supplemented and/or re-enacted from time to time; or
- (h) in respect of Notes that are not listed on a regulated market, or multilateral trading platform, in an EU Member State or in a country belonging to the European Economic Area which is also included under the list provided by Ministerial Decree of 4 September 1996 or that are not held by one of the investors listed under Art. 100 of Legislative Decree No. 58 of 24 February 1998; or
- (i) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other amounts are paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Republic of Italy.

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

6.3 If the Issuer or the Guarantor 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.

7. **PRESCRIPTION**

The Notes, Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in this Condition 7) therefor.

As used herein, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 12 (*Notices*).

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 4.2 (*Presentation of definitive Notes, Receipts and Coupons*) or any Talon which would be void pursuant to Condition 4.2 (*Presentation of definitive Notes, Receipts and Coupons*).

8. **EVENTS OF DEFAULT**

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

- (a) default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of more than 14 days; or
- (b) the Issuer or the Guarantor fails to perform or observe any of its other obligations under the Conditions or the Deed of Guarantee, as the case may be, and (except in any case where the failure is incapable of remedy, when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by a Noteholder on the Issuer or the Guarantor, as the case may be of notice requiring the same to be remedied; or
- (c) the Issuer shall be adjudicated or found bankrupt or insolvent by a court of competent jurisdiction or is unable to pay its debts as they fall due, or any order shall be made by any competent court or for, or any resolution shall be passed by the Issuer for, judicial composition proceedings with its creditors or for the appointment of an administrator, a receiver or trustee or other similar official in insolvency proceedings in relation to the Issuer (including but not limited to, the procedures of *fallimento* or *concordato preventivo*); or
- (d) the Issuer shall be wound up, liquidated or dissolved (otherwise than for the purposes of a Permitted Reorganisation); or
- (e) the Issuer shall cease to carry on all or substantially all of its business or shall express a clear and unequivocal intention to cease to carry on all or substantially all of its business (otherwise than for the purposes of a Permitted Reorganisation); or
- (f) any present or future External Indebtedness of the Issuer shall become due and payable prior to its stated maturity, as extended by any grace period applicable thereto, by reason of any default in respect of the terms thereof; or
- (g) any present or future External Indebtedness for borrowed money of the Guarantor becomes due and payable prior to the stated maturity thereof as extended by any grace period applicable thereto by reason of any default in respect of the terms thereof; or
- (h) any present or future guarantee of, or indemnity given by the Guarantor in respect of External Indebtedness is not honoured when called upon or within any grace period applicable thereto; or
- (i) a moratorium on the payment of the External Indebtedness for borrowed money is imposed on the Guarantor or declared by it; or

- (j) the Deed of Guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect; or
- (k) any present or future guarantee (other than a guarantee in respect of which the Issuer is restrained by an order of any court of competent jurisdiction from discharging its liability in respect thereof) given by the Issuer in respect of any External Indebtedness shall not be honoured when due and called or within any grace period applicable thereto,

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

**"External Indebtedness"** means for the purposes of this Condition 8 any indebtedness for borrowed money of the Issuer or the Guarantor, as the case may be and guarantees given by the Issuer or the Guarantor, as the case may be for money borrowed by others, in each case on international markets (whether listed or not) in an amount (alone or in the aggregate) which is equal to or exceeds €10,000,000 (or its equivalent in any other currency) and where any holder or holders of such debt are persons domiciled, resident or having their head office or principal place of business outside Italy;

**"New Issuer"** means a Surviving Entity which, following a Permitted Reorganisation, is a person other than the Original Issuer;

**"Original Issuer"** means, for the purposes of a Permitted Reorganisation, the body corporate having the obligations as Issuer under the Notes prior to completion of such Permitted Reorganisation;

**"Permitted Reorganisation"** means a reconstruction, amalgamation, reorganisation, merger, demerger, consolidation, transfer of business, disposal of assets or similar transaction whilst solvent where all of the following conditions are fulfilled:

- (a) upon completion of such transaction, the Surviving Entity and/or a Subsidiary of the Surviving Entity continues:
  - (i) to carry on all or substantially all of the Issuer's business; and
  - (ii) to hold all or substantially all of the assets held by the Issuer before such transaction;
- (b) both before and after completion of such transaction, no Event of Default has occurred and will be continuing or would thereupon occur;
- (c) upon completion of such transaction, no tax, duty, assessment or governmental charge shall be imposed on Noteholders which would not have been so imposed had such transaction not taken place;
- (d) where the Surviving Entity is a New Issuer:
  - (i) such New Issuer validly assumes the obligations of the Issuer under the Notes; and
  - (ii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Notes, the Deed of Covenant and the Agency Agreement represent valid, legally binding and enforceable obligations of such New Issuer have been taken, fulfilled and done and are in full force and effect,

and, where the Surviving Entity is a New Issuer, any reference in these Conditions to the "Issuer" shall be a reference to such New Issuer, with effect from the date on which the

Permitted Reorganisation becomes effective under applicable law; **provided, always, that** a Permitted Reorganisation of the Issuer whereby the Surviving Entity is the Original Issuer shall not apply to Condition 8(d);

"**Subsidiary**" means, in relation to any company (the "**first company**") at any particular time, any other company (the "**second company**"):

- (a) at whose shareholders' ordinary meetings the first company has at its disposal a majority of the votes that may be cast;
- (b) in whom the first company has at its disposal a sufficient number of votes to give it a dominant influence over ordinary meetings of the shareholders of the second company; or
- (c) over whom the first company exercises a dominant influence by virtue of certain contractual relationships,

in each case, whereby any rights or votes referred to above include the rights and votes (i) of any Subsidiary of the first company or (ii) which are exercisable by any trustee or fiduciary of the first company or any other intermediate person, and in each case as provided under (and subject to) Article 2359, paragraphs 1 and 2, of the Italian Civil Code; and

"**Surviving Entity**" means, for the purposes of a Permitted Reorganisation, the body corporate having the obligations as Issuer under the Notes upon completion of such Permitted Reorganisation.

#### 9. **REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS**

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

#### 10. **PAYING AGENTS**

The names of the initial Paying Agents and their initial specified offices are set out below.

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

- (a) there will at all times be an Agent;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (c) there will at all times be a Paying Agent in a Member State of the European Union who will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (d) there will at all times be a Paying Agent in a jurisdiction within continental Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 4.4 (*General provisions applicable to payments*). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more



than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 12 (*Notices*).

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

11. **EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 7 (*Prescription*).

12. **NOTICES**

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

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

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

13. **MEETINGS OF NOTEHOLDERS, MODIFICATION AND NOTEHOLDERS' REPRESENTATIVE**

(a) *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution.

In relation to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution, the following provisions shall apply in respect of the Notes but are subject to compliance with mandatory laws, legislation, rules and regulations of

Italy and the by-laws of the Issuer in force from time to time (including, without limitation, the Italian Civil Code and Legislative Decree No. 58 of 24 February 1998) and shall be deemed to be amended, replaced and supplemented to the extent that such laws, legislation, rules and regulations and the by-laws of the Issuer are amended at any time while the Notes remain outstanding:

- (i) a meeting of Noteholders may be convened by the Issuer and/or by the Noteholders' Representative (as defined below) and shall be convened by either of them upon the request in writing of Noteholders holding not less than one-twentieth of the aggregate principal amount of the outstanding Notes;
- (ii) a meeting of Noteholders will be validly held if: (A) in respect of a meeting convened to pass a resolution relating to a Reserved Matter, there are one or more persons present being or representing Noteholders holding at least one-half of the aggregate principal amount of the outstanding Notes; or (B) in respect of a meeting convened to pass a resolution that does not relate to a Reserved Matter, (i) in the case of an initial meeting (*prima convocazione*), there are one or more persons present being or representing Noteholders holding at least one half of the aggregate principal amount of the outstanding Notes; and (ii) in the case of a second meeting (*seconda convocazione*) or any further meeting (*convocazioni successive*), 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, *provided, however, that* Italian law and/or the by-laws of the Issuer may from time to time (to the extent permitted under applicable Italian law) require a different quorum at any of the above meetings (also depending on the matter to be transacted at such meeting); and
- (iii) the majority required to pass an Extraordinary Resolution at any meeting will be (A) for voting on any matter other than a Reserved Matter, more than one half of the aggregate principal amount of the outstanding Notes or in the case of a second meeting or further 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 (including at any meeting convened following adjournment of the previous meeting for want of quorum), at least one half of the aggregate principal amount of the outstanding Notes, *provided, however, that* the by-laws of the Issuer may require, in each case under (A) and (B) above (to the extent permitted under applicable Italian law), a larger majority.

Any resolution duly passed at any such meeting shall be binding on all the Noteholders, whether or not they are present at the meeting and on all Couponholders. In this Condition 13, "**Reserved Matter**" and "**Extraordinary Resolution**" have the meaning given to such terms in the Agency Agreement.

- (b) *Noteholders' Representative*: A representative of the Noteholders (*rappresentante comune*) (the "**Noteholders' Representative**"), subject to applicable provisions of Italian law, will be appointed pursuant to Articles 2415 and 2417 of the Italian Civil Code in order to represent the Noteholders' interests under these Conditions and to give effect to resolutions passed at a meeting of the Noteholders. If the Noteholders' Representative is not appointed by a meeting of such Noteholders, the Noteholders' Representative shall be appointed by a decree of the court where the Issuer has its registered office at the request of one or more Noteholders or at the request of the directors of the Issuer. The Noteholders' Representative shall remain appointed for a maximum period of three years but may be reappointed again thereafter and shall have the powers and duties set out in Article 2418 of the Italian Civil Code.
- (c) *Modification*: The Notes and these Conditions may be amended without the consent of the Noteholders, the Receiptholders 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, in the opinion of such parties, not materially prejudicial to the interests of the Noteholders.

14. **FURTHER ISSUES**

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

15. **CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

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

16. **GOVERNING LAW AND JURISDICTION**

16.1 **Governing law**

The Agency Agreement, the Deed of Guarantee, the Deed of Covenant, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Guarantee, the Deed of Covenant, the Notes, the Receipts and Coupons are governed by, and shall be construed in accordance with, English law.

16.2 **Submission to jurisdiction**

The Issuer irrevocably agrees, for the benefit of the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts and/or the Coupons (including a dispute relating to the existence, validity or termination of the Notes, the Receipts or and/or the Coupons or any non-contractual obligations arising out of or in connection with the Notes, the Receipts and/or the Coupons) and accordingly submits to the exclusive jurisdiction of the English courts.

The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Noteholders, the Receiptholders and the Couponholders may take any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Notes, the Receipts and the Coupons (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Notes, the Receipts and the Coupons) against the Issuer in any other court of competent jurisdiction (i) in any Member State of the European Union or (ii) in the relevant jurisdiction of incorporation of the Issuer or the Guarantor, and the taking of Proceedings in any one or more jurisdictions shall not preclude the taking of Proceedings in any of the aforementioned jurisdictions, whether concurrently or not, if and to the extent permitted by law.

16.3 **Appointment of Process Agent**

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

16.4 **Waiver of immunity**

The Issuer hereby irrevocably and unconditionally waives with respect to the Notes, the Receipts and the Coupons any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution

against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

17. **Other documents**

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

## APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

[Date]

### CASSA DEL TRENTO S.p.A.

(incorporated as a company limited by shares (*società per azioni*) under the laws of Italy with registered office at Via Vannetti 18/A, 38122 Trento, registered with the Companies Register (*Registro delle Imprese*) of Trento under No. 01948600224, a company directed and coordinated (*soggetta all'attività di direzione e coordinamento*) by the Autonomous Province of Trento)

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
unconditionally and irrevocably guaranteed by the Autonomous Province of Trento  
under the €1,000,000,000  
Euro Medium Term Note Programme**

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 7 October 2014 [and the supplements to the Base Prospectus dated [•] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of Chapter 2 of Part III of the Luxembourg act relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) dated 10 July 2005, as amended. This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with the Base Prospectus.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a base prospectus with an earlier date and the relevant terms and conditions from that base prospectus with an earlier date were incorporated by reference in this Base Prospectus.]*

[Terms used herein shall be deemed to be defined as such for the purposes of the [date] Conditions (the "**Conditions**") incorporated by reference in the Base Prospectus dated 2 July 2013. This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with the Base Prospectus dated [•] 2014 [and the supplemental Base Prospectus dated [date]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of Chapter 2 of Part III of the Luxembourg act relating to prospectuses for securities (*loi relative aux prospectus pour valeurs mobilières*) dated 10 July 2005, as amended, save in respect of the Conditions which are set forth in the base prospectus dated 2 July 2013 and are incorporated by reference in the Base Prospectus.]

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing during normal business hours at the registered office of the Issuer and specified office of the Agent and copies may be obtained from Via Vannetti 18/A, 38122 Trento, Italy.

The Base Prospectus and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms, will also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]*

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

1. Issuer: Cassa del Trentino S.p.A.
2. Guarantor: The Autonomous Province of Trento

3. (a) Series Number: [•]  
 (b) Tranche Number: [•]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
4. Specified Currency or Currencies: [•]
5. Aggregate Nominal Amount:  
 (a) Series: [•]  
 (b) Tranche: [•]
6. Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
7. (a) Specified Denominations: [•]  
 [•]  
*(Note – where multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:*  
*"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].")*  
 (b) Calculation Amount *(Applicable to Notes in definitive form):* *(If only one Specified Denomination, insert the Specified Denomination.*  
*If more than one Specified Denomination, insert the highest common factor. Note: there must be a common factor in the case of two or more Specified Denominations.)*
8. (a) Issue Date: [•]  
 (b) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
9. Maturity Date: *[Fixed rate - specify date/ Floating rate - Interest Payment Date falling in or nearest to [specify month and year]]*
10. Interest Basis: [[•] per cent. Fixed Rate]  
 [[LIBOR/EURIBOR] +/- [•] per cent. Floating Rate]  
 [Zero Coupon]  
 [Index Linked Interest]  
 [Dual Currency Interest]  
 [specify other]  
 (further particulars specified below)
11. Redemption/Payment Basis: [Redemption at par]  
 [Index Linked Redemption]  
 [Dual Currency Redemption]  
 [Partly Paid]  
 [Instalment]  
 [specify other]

12. Change of Interest Basis or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another Interest Basis or Redemption/Payment Basis/Not applicable]*
13. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
14. (a) Status of the Notes: [Senior]  
(b) Status of the Guarantee: [Senior]  
(c) [Date of [Board] approval for issuance of Notes and Guarantee obtained: [•] [and [•], respectively]]
15. Method of distribution: [Syndicated/Non-syndicated]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

16. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate(s) of Interest: [•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (specify)] in arrear]
- (b) Interest Payment Date(s): [[•] in each year up to and including the Maturity Date]/[adjusted in accordance with *[specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]*]/not adjusted]  
*(N.B. This will need to be amended in the case of long or short coupons)*
- (c) Fixed Coupon Amount(s): [•] per Calculation Amount  
*(Applicable to Notes in definitive form.)*
- (d) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]  
*(Applicable to Notes in definitive form.)*
- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or *[specify other]*]
- (f) [Determination Date(s): [•] in each year  
*[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]*  
*N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration*  
*N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)]]*
- (g) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/Give details]
17. **Floating Rate Note Provisions** [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Specified Period(s)/Specified Interest Payment Dates: [•]
- (b) First Interest Payment Date: [•]
- (c) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *[give details]*]
- (d) Additional Business Centre(s): [•]
- (e) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/*specify other*]
- (f) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [•]
- (g) Screen Rate Determination:
- Reference Rate: [•]  
*(Either LIBOR, EURIBOR or other, although additional information is required if other - including fallback provisions in the Agency Agreement)*
  - Interest Determination Date(s): [•]  
*(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
  - Relevant Screen Page: [•]  
*(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (h) ISDA Determination:
- Floating Rate Option: [•]
  - Designated Maturity: [•]
  - Reset Date: [•]
- (i) Margin(s): [+/-][•] per cent. per annum
- (j) Minimum Rate of Interest: [•] per cent. per annum



- (k) Maximum Rate of Interest: [•] per cent. per annum
- (l) Day Count Fraction: [Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360 (ISDA)  
Other]  
(See Condition 3 (Interest) for alternatives)
- (m) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [•]
18. **Zero Coupon Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Accrual Yield: [•] per cent. per annum
- (b) Reference Price: [•]
- (c) Any other formula/basis of determining amount payable: [•]
- (d) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 5.5(c) and 5.10 apply/specify other]  
(Consider applicable day count fraction if not U.S. dollar denominated)
19. **Index Linked Interest Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Index/Formula/other variable: [give or annex details]
- (b) Calculation Agent: [give name]
- (c) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): [•]
- (d) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [•]
- (e) Determination Date(s): [•]

- (f) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable or otherwise disrupted: *[Need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (g) Specified Period(s)/Specified Interest Payment Dates: [•]
- (h) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
- (i) Additional Business Centre(s): [•]
- (j) Minimum Rate/Amount of Interest: [•] per cent. per annum
- (k) Maximum Rate/Amount of Interest: [•] per cent. per annum
- (l) Day Count Fraction: [•]
20. **Dual Currency Interest Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate of Exchange/method of calculating Rate of Exchange: *[give or annex details]*
- (b) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent): [•]
- (c) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: *[need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (d) Person at whose option Specified Currency(ies) is/are payable: [•]

**PROVISIONS RELATING TO REDEMPTION**

21. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [•]

- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [•] per Calculation Amount
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [•] per Calculation Amount
- (ii) Maximum Redemption Amount: [•] per Calculation Amount
- (d) Notice period [(if other than as set out in the Conditions): [•]  
*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)]*
22. Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [•]
- (b) Optional Redemption Amount and method, if any, of calculation of such amount(s): [•] per Calculation Amount/*specify other/see Appendix*
- (c) Notice period [(if other than as set out in the Conditions): [•]  
*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)]*
23. Final Redemption Amount: [•] per Calculation Amount/*specify other/see Appendix*
24. Early Redemption Amount(s) payable per Calculation Amount on redemption for taxation reasons or on event of default and/or the method of calculating the same [(if required or if different from that set out in Condition 5.5 (*Early Redemption Amounts*))]: [[•] per Calculation Amount/*specify other/see Appendix*]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes:
- (a) Form: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Notes]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Notes]
- (Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.")*
- (b) New Global Note: [Yes][No]
26. Additional Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable/give details]
- (Note that this item relates to the place of payment and not Interest Period end dates to which items 17(d) and 19(i) relate)*
27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details. N.B. a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues]
29. Details relating to Instalment Notes:
- (a) Instalment Amount(s): [Not Applicable/give details]
- (b) Instalment Date(s): [Not Applicable/give details]
30. Other final terms: [Not Applicable/give details]

**DISTRIBUTION**

- 31. (a) If syndicated, names of Managers: [Not Applicable/*give names*]
- (b) Date of [Subscription] Agreement: [•]
- (c) Stabilising Manager (if any): [Not Applicable/*give name*]
- 32. If non-syndicated, name of relevant Dealer: [*Name*]
- 33. U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA C/TEFRA D/TEFRA not applicable]
- 34. Additional selling restrictions: [Not Applicable/*give details*]

**PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue and admission to trading on the Luxembourg Stock Exchange of the Notes described herein pursuant to the €1,000,000,000 Euro Medium Term Note Programme of Cassa del Trentino S.p.A.

**RESPONSIBILITY**

The Issuer and the Guarantor accept responsibility for the information contained in these Final Terms. [•] has been extracted from [•]. Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:

Signed on behalf of the Guarantor:

By: .....  
*Duly authorised*

By: .....  
*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Luxembourg Stock Exchange/other (*specify*)/None]
- (n.b. payments relating to Notes which are not listed on a regulated market in an EU Member State or in a country belong to the European Economic Area which is also included under the list provided by Italian Ministerial Decree of 4 September 1996 or which are not held by one of the investors listed under Art. 100, Legislative Decree No. 58 of 24 February 1998, will be subject to a withholding tax at a rate of 26 per cent. Neither the Issuer nor the Guarantor will, in any circumstances, be required to pay additional amount in order to gross up or otherwise compensate holders of the Notes for the lesser amounts Noteholders will receive as a result of such withholding taxes so deducted.)*
- (ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [•] with effect from [•].] [Not Applicable.]  
*(When documenting a fungible issue need to indicate that original Notes are already admitted to trading)*
- (iii) Estimate of total expenses related to admission to trading: [•]

### 2. RATINGS

- Ratings: The Notes to be issued [have not been rated/have been rated]:
- [S & P: [•]]  
[Moody's: [•]]  
[[Other]: [•]]
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

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

*[Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the statement below:]*

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. *(Amend as appropriate if there are other interests)*]

### 4. YIELD (*Fixed Rate Notes Only*)

- Indication of yield: [•]
- The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

5. **HISTORIC INTEREST RATES** (*Floating Rate Notes Only*)

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

6. **PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING** (*Index-Linked Notes Only*)

[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]

[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]

7. **PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT** (*Dual Currency Notes only*)

[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]

8. **OPERATIONAL INFORMATION**

- (i) ISIN Code: [•]
- (ii) Common Code: [•]
- (iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, *société anonyme* and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): [•]
- (vi) Italian tax regime: [Notes are listed or are held by qualified investors - Legislative Decree No. 239 of 1 April 1996 as amended and supplemented from time to time applies]/[Notes are unlisted or are not held by qualified investors - Presidential Decree No. 600 of 29 September 1973 as amended and supplemented from time to time applies]
- (vii) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common

safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

9. **FURTHER INFORMATION RELATING TO THE ISSUER**

The following information relating to the Issuer is provided pursuant to Article 2414 of the Italian Civil code.

- (i) **Objects:** The corporate object of the Issuer is, pursuant to Article 4 of its By-laws any activity entrusted to it by the Autonomous Province of Trento (the "**Province**" or "**Province of Trento**"), in its capacity as an operating entity, relating to the management and the granting of financial resources and contributions provided to it by the Province to a number of specified bodies and entities (but not to the general public). The Issuer ensures the collection of funds to be used for public investments and projects for economic development, the carrying out of any initiative that is designed to promote the efficient management of funds within the financial system of the Province of Trento and for the innovation of such financial system.

The Issuer may grant, on behalf of the Province of Trento, loans through contributions on capital account or on an annual basis, which are provided pursuant to provincial laws and entered in the provincial budget as investment expenditures, in favour of those bodies and entities indicated in paragraph 1 of Article 8-bis of Provincial Law No. 13 of 9 April 1973. In addition, the Issuer may also grant other contributions provided, pursuant to provincial laws (other than those on capital account or on an annual basis) to local entities on behalf of the Province. Upon request of the Province, the Issuer, in line with Italian regulations that prohibit it from granting loans in favour of the general public, makes advances to bodies and entities that are part of the financial system of the Province in order to allow them to make the investments in respect of which the Province, the Region of Trentino Alto-Adige/Südtirol, the Italian central government or the European Union have already authorised the funding. In addition, the Issuer, on behalf of the Province and within the limits and in the manner determined by the Board of the Province, advances the amounts provided in the applicable laws to entities that are part of the Province's financial system. The reimbursement of such amounts is guaranteed by the Province.

The grant of funds and contributions by the Issuer in favour of the entities indicated above may also be made through banks and other financial institutions.

In addition, the Issuer is permitted to:

- (a) acquire interests in companies whose exclusive



corporate object is the production or the provision of goods and services which are instrumental to the institutional activity of the Province of Trento;

- (b) acquire interests in companies, other than those referred to in paragraph (a) above, operating in any other sector in which, pursuant to the law or a resolution of the Board of the Province, the activity of such companies is strictly necessary for the fulfilment of the institutional objectives of the Province of Trento;
- (c) acquire interest in companies, other than those referred to in paragraphs (a) and (b) above, provided that such interests do not allow the Issuer to exert a dominant influence on the companies in which it holds interest;
- (d) provide, in compliance with antitrust laws, to the companies controlled by it as well as to the companies controlled by the Province of Trento assistance, coordination and servicing;
- (e) grant guarantees, exclusively for the purposes connected with or pertaining to the above-mentioned activities, in favour of entities which are instrumental to the Province of Trento, in compliance with the provisions of law which prohibit the Issuer from performing such activity in favour of the public;
- (f) provide consulting services and assistance on financial issues in favour of the Province of Trento, the agencies and the entities which are instrumental to the Province as well as in favour of other bodies and entities being part of the financial system of the Province of Trento should the performance of such activity be in the Province's interest with reference to any positive effects for the financial activity of the Province, also under the procedure for the authorisation, by the Province, of the entry into debt transactions by entities instrumental to the Province;
- (g) perform any other activities entrusted to it by the Province of Trento pursuant to Article 8-bis of Provincial Law No. 13/1973 to the extent such activities do not conflict with its corporate object.

The Issuer may also carry out any commercial, real estate and financial transactions, including any investment in investment funds or in other collective investment undertakings, in any event in compliance with the provisions of law which prohibit it from entering into financial transactions with the public, deemed useful by the management body for the achievement of the Issuer's objects, in compliance with

law.

In addition, in accordance with Article 8 of its By-laws, the Issuer may issue bonds, subject to compliance with current regulatory provisions.

- |       |  |  |
|-------|--|--|
| (ii)  | Registered office                                      | Via Vannetti 18/A, 38122 Trento, Italy   |
| (iii) | Company registration:                                  | Registered at the Companies' Register of Trento under registration number 01948600224.   |
| (iv)  | Date of resolution authorising the issue of the Notes: | Resolution passed at a meeting of the Board of Directors of the Issuer held on [•] and registered at the Companies' Registry of Trento on [•]. |
| (v)   | Amount of paid-up share capital and reserves:          | €[ <i>number</i> ], consisting of [ <i>number</i> ] ordinary shares with a nominal value of €[ <i>amount</i> ] each.                           |
| (vi)  | Amount of reserves:                                    | €[ <i>number</i> ]   |

## **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, which include making a profit. If, in respect of any particular issue of Notes, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## DESCRIPTION OF THE ISSUER

### Introduction

Cassa del Trentino S.p.A. (the "**Issuer**") was incorporated under the laws of Italy on 16 November 2005 as a company limited by shares (*società per azioni*) and started operating in November 2006. The Issuer is registered at the Companies' Register (*Registro delle Imprese*) of Trento under registration number 01948600224.

The Issuer is a company wholly-owned by the Autonomous Province of Trento and directed and coordinated (*soggetta all'attività di direzione e coordinamento*) by the Autonomous Province of Trento.

Its registered office and headquarters are both at Via Vannetti 18/A, 38122 Trento, Italy and its telephone number is +39 0461 1753000. Under its By-laws (*Statuto*), the Issuer's duration is until 31 December 2060, which may be extended by a resolution passed at an extraordinary meeting of shareholders.

The Issuer acts as the financing arm of the Autonomous Province of Trento (the "**Province of Trento**" or the "**Province**"), a province<sup>1</sup> with a special status in the Autonomous Region of Trentino-Alto Adige. Further information on the Province is set out under the heading "*Description of the Guarantor - The Autonomous Province of Trento*" below.

### Objects

According to Article 4 of its By-laws, the corporate object of the Issuer is to pursue any activity entrusted to it by the Province of Trento, in its capacity as an operating entity, relating to the management and the granting of financial resources and contributions provided to it by the Province to a number of specified bodies and entities (but not to the general public). The Issuer ensures the collection of funds to be used for public investments and projects for economic development, the carrying out of any initiative that is designed to promote the efficient management of funds within the financial system of the Province of Trento and for the innovation of such financial system.

The Issuer may grant, on behalf of the Province of Trento, loans through contributions on capital account or on an annual basis, which are provided pursuant to provincial laws and entered in the provincial budget as investment expenditures, in favour of those bodies and entities indicated in paragraph 1 of Article 8-bis of Provincial Law No. 13 of 9 April 1973. In addition, the Issuer may also grant other contributions provided, pursuant to provincial laws (other than those on capital account or on an annual basis) to local entities on behalf of the Province. Upon request of the Province of Trento, the Issuer, in line with Italian regulations that prohibit it from granting loans in favour of the general public, makes advances to bodies and entities that are part of the financial system of the Province in order to allow them to make the investments in respect of which the Province, the Region of Trentino Alto-Adige/Südtirol, the Italian central government or the European Union have already authorised the funding. In addition, the Issuer, on behalf of the Province and within the limits and in the manner determined by the Board of the Province, advances the amounts provided in the applicable laws to entities that are part of the Province's financial system. The reimbursement of such amounts is guaranteed by the Province.

The grant of funds and contributions by the Issuer in favour of the entities indicated above may also be made through banks and other financial institutions.

In addition, the Issuer is permitted to:

- (a) acquire interests in companies whose exclusive corporate object is the production or the provision of goods and services which are instrumental to the institutional activity of the Province of Trento;
- (b) acquire interests in companies, other than those referred to in paragraph a) above, operating in any other sector in which, pursuant to the law or a resolution of the Board of the Province, the activity of such companies is strictly necessary for the fulfilment of the institutional objectives of the Province of Trento;

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<sup>1</sup>In Italy, the province (*provincial*) is the tier of government between the municipality (*comune*) and the regional government.

- (c) acquire interest in companies, other than those referred to in paragraphs a) and b) above, provided that such interests do not allow the Issuer to exert a dominant influence on the companies in which it holds interest;
- (d) provide, in compliance with antitrust laws, to the companies controlled by it as well as to the companies controlled by the Province of Trento assistance, coordination and servicing;
- (e) grant guarantees, exclusively for the purposes connected with or pertaining to the above-mentioned activities, in favour of entities which are instrumental to the Autonomous Province of Trento, in compliance with the provisions of law which prohibit the Issuer from performing such activity in favour of the public;
- (f) provide consulting services and assistance on financial issues in favour of the Province of Trento, the agencies and the entities which are instrumental to the Province as well as in favour of other bodies and entities being part of the financial system of the Province of Trento should the performance of such activity be in the Province's interest with reference to any positive effects for the financial activity of the Province, also under the procedure for the authorisation, by the Province, of the entry into debt transactions by entities instrumental to the Province;
- (g) perform any other activities entrusted to it by the Province of Trento pursuant to Article 8-bis of Provincial Law No. 13/1973 to the extent such activities do not conflict with its corporate object.

The Issuer may also carry out any commercial, real estate and financial transactions, including any investment in investment funds or in other collective investment undertakings, in any event in compliance with the provisions of law which prohibit it from entering into financial transactions with the public, deemed useful by the management body for the achievement of the Issuer's objects, in compliance with law.

In addition, in accordance with Article 8 of its By-laws, the Issuer may issue bonds, subject to compliance with current regulatory provisions.

### **Business Overview**

The Issuer's principal business is the granting of subsidies and annuities as approved from time to time by the Province through the provincial board's resolutions, to the public bodies identified in its By-laws and in Article 8-bis of Provincial Law No. 13 of 9 April 1973 which include, *inter alia*, municipalities, companies in which the Province and other local entities hold shareholdings, foundations established by the Province or in which the Province holds interests and other public entities within the Province of Trento.

The Issuer provides assistance and consulting services to local public entities in connection with financial matters, and it also offers consultancy services in relation to the financing of projects aimed at economic and social development in Trentino-Alto Adige. The Issuer advances, to the entities indicated in its By-laws, funds corresponding to public financing to be granted by the Province of Trento, the region of Trentino-Alto Adige, the Italian central government and the European Union.

The Issuer promotes initiatives aimed at both the development of public-private partnerships within the territory of the Province and the recourse to private funding of infrastructure and other public investments. The Issuer has also been entrusted to provide assistance to the Province in monitoring levels of the indebtedness incurred by the provincial public system.

### **Share Capital and Shareholders**

Further to the merger by incorporation of Tecnofin Trentina S.p.A. into the Issuer, the share capital of the Issuer as at the date of this Prospectus is €52,555,650 divided into 52,555,650 fully paid-up ordinary shares with a nominal value of €1 each.

As at the date of this Prospectus, the Province of Trento holds the entire share capital of the Issuer.

## Shareholdings in other entities

As at 31 December 2013, the Issuer had shareholdings in the following entities:

<u>Company</u>	<u>Corporate object</u>	<u>Shareholding's nominal value</u>	<u>Shareholding</u>
		<i>(euro)</i>	<i>(%)</i>
<b>Paros S.r.l.</b>  (a company subject to direction and coordination by the Issuer)	Design, development, maintenance, marketing and assistance of system and application software	10,000	100.00
<b>Uni.It S.r.l.</b>	Services in Italy and abroad, offered both directly and indirectly, of data processing and data communication through electronic means; purchase, sale and marketing of patent rights and/or intellectual properties	490,000	49.00
<b>Infrastrutture C.I.S. S.r.l.</b>	Acquisition of shareholdings in Italy and abroad relating to the public utilities' sector and infrastructures	18,237,566	19.89
<b>Terfin S.r.l.</b>	Construction and management of urban parking and of residential, commercial and industrial buildings	239,200	18.52
<b>Autostrada del Brennero S.p.A.</b>	Promotion, planning, building and management of highways	1,440,433	2.60
<b>Banca di Trento e Bolzano S.p.A.</b>  (a bank subject to the direction and coordination of Intesa Sanpaolo S.p.A. and belonging to the Intesa Sanpaolo Banking Group registered with the banking groups' register)	Collection of savings from the public and granting of loans	551,036	0.84
<b>Banca Popolare Etica S.c.p.A.</b>	Banking and financial services, including the collection of savings and the granting of loans	50,715	0.11
<b>Istituto Atesino di Sviluppo (ISA) S.p.A.</b>	Management, not in favour of the general public, of financial assets including acquisition of shareholdings in other companies operating in various sectors in the territory.	2,000	0.003

The Issuer also held a share of Euro 1,600,000 (20 per cent.) in Fondo Housing Sociale Trentino as of 31 December 2013.

The Issuer is not required by law to publish and does not publish any consolidated financial statements.

## Strategy

The Issuer was incorporated as a vehicle for provincial public finance, with the aim of coordinating and streamlining the allocation of public resources and meeting future requirements for the funding of investments that are made by local public entities. The Issuer is, therefore, the operational vehicle which promotes, supervises and realises the financial strategies planned by the provincial government. For this purpose, the Issuer:

- acts as "advisor" to the Province and the provincial public system, in relation to (i) the strategies for entering into transactions in the financial markets and (ii) the control of the indebtedness. In addition, pursuant to resolution No. 2220 of the board of the Province dated 19 October 2012, the Issuer has been entrusted to issue preliminary opinions on funding transactions to be entered into by the companies and entities in which the Province holds interests, which are indicated in such resolution. Such opinions provide the basis for the authorisation of such funding transactions by the Province;

- undertakes to improve the management of funds within the public financial system of the Province;
- promotes the innovation and the provision of the know-how required for entering into financial transactions within the public system of the Province; and
- promotes co-operation with the local financial system.

The Issuer's By-laws may be amended only in compliance with Provincial law and with any relevant resolution of the Province.

### Bond Issues

	Bond issue	Interest rate	Year of issue	Maturity	Repayment	Nominal amount issued	Nominal amount outstanding as of 1 January 2014	Description
1	Cassa del Trentino S.p.A. 4.75% Fixed Rate Notes due 2016	4.75%	2007	2016	On a bullet basis	€192,000,000	€192,000,000.00	Notes issued under the 2007 EMTN Programme and listed on the Luxembourg Stock Exchange.
2	Cassa del Trentino S.p.A. 4.448% Fixed Rate Notes due 2016	4.448%	2007	2016	On an amortising basis	€43,200,000	€16,107,479.83	Not listed notes placed on the domestic market.
3	Cassa del Trentino S.p.A. 4.827% Fixed Rate Notes due 2027	4.827%	2008	2027	On a bullet basis	€74,600,000	€74,600,000.00	Not listed notes placed through private placement on the domestic market.
4	Cassa del Trentino S.p.A. 4.282% Fixed Rate Notes due 2017	4.282%	2008	2017	On an amortising basis	€8,950,000	€4,364,445.30	Not listed notes placed on the domestic market.
5	Cassa del Trentino S.p.A. 5.131% Fixed Rate Notes due 2017	5.131%	2008	2017	On an amortising basis	€60,000,000	€29,693,014.29	Not listed notes placed on the domestic market.
6	Cassa del Trentino S.p.A. 4.659% Fixed Rate Notes due 2017	4.659%	2008	2017	On an amortising basis	€100,000,000	€48,806,752.59	Not listed notes placed on the domestic market.
7	Cassa del Trentino S.p.A. 4.170% Fixed Rate Notes due 2017	4.170%	2008	2017	On an amortising basis	€137,850,000	€66,846,230.81	Not listed notes placed on the domestic market.
8	Cassa del Trentino S.p.A. 3.574% Fixed Rate Notes due 2017, unconditionally and irrevocably guaranteed by the Province of Trento	3.574%	2010	2017	On a bullet basis	€150,000,000	€150,000,000.00	Notes issued under the 2010 EMTN Programme and listed on the Luxembourg Stock Exchange.

	<b>Bond issue</b>	<b>Interest rate</b>	<b>Year of issue</b>	<b>Maturity</b>	<b>Repayment</b>	<b>Nominal amount issued</b>	<b>Nominal amount outstanding as of 1 January 2014</b>	<b>Description</b>
9	Cassa del Trentino S.p.A. 3.414% Fixed Rate Notes due 2017, unconditionally and irrevocably guaranteed by the Province of Trento	3.414%	2010	2017	On a bullet basis	€50,000,000	€50,000,000.00	Notes issued under the 2010 EMTN Programme and listed on the Luxembourg Stock Exchange.
10	Cassa del Trentino S.p.A. 4.878% Fixed Rate Notes due 2020	4.878%	2011	2020	On an amortising basis	€150,000,000	€121,989,075.00	Not listed notes placed on the domestic market.
11	Cassa del Trentino S.p.A. Euribor3M+152bp Notes due 2014	Euribor3M+152bp	2013	2014 (31 July)	On a bullet basis	€140,000,000	€140,000,000.00	Not listed notes placed on the domestic market and guaranteed by the Province of Trento.
12	Cassa del Trentino S.p.A. 3.745% Fixed Rate Notes due 2018, unconditionally and irrevocably guaranteed by the Province of Trento	3.745%	2013	2018	On a bullet basis	€70,000,000	€70,000,000.00	Notes issued under the 2013 EMTN Programme and listed on the Luxembourg Stock Exchange.
13	Cassa del Trentino S.p.A. 4.034% Fixed Rate Notes due 2027	4,034%	2013	2027	On an amortising basis	€42,000,000	€42,000,000.00	Not listed notes placed on the domestic market.
14	Cassa del Trentino S.p.A. 4.471% Fixed Rate Notes due 2032	4,471%	2013	2032	On an amortising basis	€33,000,000	€33,000,000.00	Not listed notes placed on the domestic market.
15	Cassa del Trentino S.p.A. 1.94% Fixed Rate Notes due 2022, unconditionally and irrevocably guaranteed by the Province of Trento	1.94%	2014	2022	On an amortising basis	€122,500,000		Notes issued under the 2013 EMTN Programme (supplemented by the Supplement No. 1 dated 15 May 2014) and listed on the Luxembourg Stock Exchange.
16	Cassa del Trentino S.p.A. 1.70% Fixed Rate Notes due 2020, unconditionally and irrevocably guaranteed by the Province of Trento	1.70%	2014	2020	On an amortising basis	€94,000,000		Notes issued under the 2013 EMTN Programme (supplemented by the Supplement No. 1 dated 15 May 2014) and listed on the Luxembourg Stock Exchange.



Bond issue	Interest rate	Year of issue	Maturity	Repayment	Nominal amount issued	Nominal amount outstanding as of 1 January 2014	Description
Aggregate nominal amount of issued (which includes €140 mln notes referred to under No. 11 above which has been reimbursed on 31 July 2014) and outstanding notes:					€1,468,100,000	€1,039,406,997.82	

## Assets

As at 31 December 2013, the total assets of the Issuer, according to its financial statements, amounted to €1.977 billion.

## Risk Management

Market risk management mainly relates to financial transactions.

According to Provincial Law No. 13 of 9 April 1973, as amended by the provincial financial law for the year 2010, the framework agreement between the Issuer and the Province sets out the principles and procedures relating to the raising of funds and provides that the Issuer will comply with the guidelines issued by the Province relating to the risks for the Issuer in entering into financial transactions.

The risk management activities are directly managed by the Issuer.

In order to prevent operational risks, the procedures for the granting of contributions by the Issuer have been regulated together with the most relevant procedures relating to the Issuer's funding and financial transactions and other supporting activities performed by the Issuer. In 2012, an inter-departmental model for internal controls, which also makes use of the functions of the Issuer's Internal Audit and Compliance departments as well as those attributed to the manager in charge of the drafting of the Issuer's accounting documents, was implemented. The implementation of this model was approved by the Issuer's Board of Directors and has also been used for scrutinising the procedures attributed to the manager in charge of the drafting of the Issuer's accounting documents.

## Information Technology

The Issuer is being equipped with IT procedures that comply with the Province's IT procedures which are used for the management of public funds.

## Management

### *Board of Directors*

The Board of Directors is responsible for the management of the Issuer's business. Under its By-laws, the Board of Directors must be composed of not less than three nor more than five directors and members must be appointed to ensure gender equality in compliance with applicable laws and regulations. The number of directors is determined at an ordinary shareholders' meeting and they are appointed for periods of a maximum of three years. As at the date of this Prospectus, the Board of Directors is comprised of five members who were appointed by the shareholders' meeting held on 30 May 2012, for a term of office that expires on the date of the shareholders meeting to be convened in 2015 for the approval of the 2014 accounts. Board members can be re-elected but may only be removed subject to compliance with certain legal requirements.

The Province, in its capacity as shareholder of the Issuer, may appoint Issuer's directors in accordance with Provincial Law No. 10 of 9 June 2010.

Board meetings take place at the registered office of the Issuer or at any other locations specified in the notice calling the Board of Director's meeting and are called by the Chairman of the Board of Directors or the person acting in his place, who decides on the agenda. The Board of Directors normally meets once a month.

The Board of Directors is vested with all the powers for ordinary and extraordinary administration and may carry out all acts necessary and appropriate in order to achieve the Issuer's objectives, except for those which, by law or under the Issuer's by-laws, can only be approved by a shareholders' meeting.

In addition, subject to the mandatory opinion of the Board of Statutory Auditors, the Board of Directors appoints a manager in charge of the drafting of the Issuer's accounting documents.

The Board of Directors is required to comply, in respect of the management of the Issuer, with the guidelines of the Province issued pursuant to the applicable provincial laws.

The current Board of Directors has appointed a new supervisory body pursuant to Legislative Decree No. 231 of 8 June 2001 ("**Legislative Decree 231**") which supervises the functioning of, and the compliance with, the organisational and management model instituted pursuant to Legislative Decree 231 and confirmed the appointment of a general manager attributing to him certain duties and powers. The general manager oversees the Issuer's organisational structure and deals with matters identified by the Board of Directors within the limits set forth by the Board of Directors.

The following table sets forth the names of the current members of the Board of Directors:

<u>Name</u>	<u>Position</u>	<u>Principal activities outside the Group</u>
Gianfranco Cerea .....	Chairman	Professor at the University of Trento, Director of Pensplan Centrum S.p.A. and consultant to various public institutions
Giuseppe Zadra.....	Vice-Chairman	General Secretary of Fondazione Istituto Einaudi
Michele Andreaus .....	Director	Professor at the University of Trento, Director of La Finanziaria Trentina S.p.A.
Fabio Ramus .....	Director	Director of Findolomiti Energia S.r.l.
Luisa Tretter .....	Director	Officer in charge of the Public Financial System Department of the Province of Trento

The business address of each of the Directors is the Issuer's registered office at Via Vannetti 18/A, 38122 Trento, Italy.

The Issuer is not aware of any potential conflicts of interests between the duties to the Issuer of the persons listed above and their private interests or other professional duties, save for the position of Ms. Luisa Tretter who is the Officer in charge of the Public Financial System Department of the Province of Trento which supervises the granting of provincial contributions in favour of the Issuer.

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

Under Italian law, the Issuer's shareholders are also responsible for electing a Board of Statutory Auditors (*Collegio Sindacale*) composed of three independent experts in accounting matters, the composition of which shall need to ensure the gender equality in compliance with applicable laws and regulations. Pursuant to the Issuer's By-laws, the shareholders also elect two alternate statutory auditors, who will automatically replace statutory auditors that resign or who are otherwise unable to serve office. Statutory auditors and alternate statutory auditors hold office for a three-year period and may be re-elected.

The Province, in its capacity as shareholder of the Issuer, appoints the Issuer's statutory auditors in accordance with Provincial Law No. 10 of 9 June 2010.

The following table sets forth the names of the current members of the Board of Statutory Auditors:

<b>Name</b>	<b>Title</b>	<b>Principal activities</b>
Cristina Odorizzi.....	Chairman	Professional accountant
Paolo Mauro Di Valerio.....	Statutory Auditor	Professional accountant
Lucia Zandonella Maiucco.....	Statutory Auditor	Professional accountant
Giancarlo Agostini.....	Alternate Auditor	Professional accountant
Manuela Conci.....	Alternate Auditor	Professional accountant

The business address of each of the members of the Board of Statutory Auditors is the Issuer's registered office at Via Vannetti 18/A, 38122 Trento, Italy.

To the best of its knowledge and belief, the Issuer complies with the corporate governance laws and regulations of Italy applicable to it and there are no potential conflicts of interests between the duties to the Issuer of the members of the Board of Statutory Auditors and their private interests or other professional duties.

### **Independent Auditors**

On 26 June 2014, PricewaterhouseCoopers S.p.A. ("**PwC**") issued its audit report in respect of the annual non-consolidated financial statements of the Issuer as at and for the year ended 31 December 2013. The annual financial statements referred to above, together with the audit report thereon, are incorporated by reference into this Base Prospectus. PwC is a member of Assirevi, the Italian association of auditors.

PwC has also audited the Issuer's annual non-consolidated financial statements for the financial years ended on 31 December 2012 and 31 December 2011.

PwC's head office is at Via Monte Rosa 91, 20149 Milan and it is entered on the Ministry of Economy and Finance's register under No. 119644.

### **Employees**

As at the date of this Base Prospectus, the Issuer has twenty-one employees.

### **Litigation**

The Issuer is not involved in any legal or arbitration proceedings.

## DESCRIPTION OF THE GUARANTOR

### The Autonomous Province of Trento

#### *General*

The Province of Trento is located in the north-eastern part of the Republic of Italy and, together with the Autonomous Province of Bolzano, comprises the Autonomous Region of Trentino Alto-Adige/Südtirol (the "**Region**").

Autonomous provinces, although they are commonly referred to as "provinces", carry out not only the normal functions of non-autonomous provinces, but also have broad legislative, administrative and financial functions, which are defined at a constitutional level and set forth in an international agreement between Austria and Italy (*Accordo De Gasperi-Gruber*). The broad autonomy set forth at a constitutional level grants autonomous provinces powers broader than those reserved to ordinary regions and to certain autonomous regions. The Province is significantly different from non-autonomous provinces, which have the power to act only in secondary or regulatory matters and only in relation to limited subject matters. The Province, like Italian autonomous regions, instead has the power to enact laws in areas which are significant to local social and economic life and has powers which are broader than those exercised by ordinary regions. These powers are set out in the Province's Autonomy Statute (as defined below) and the related implementing laws.

As an autonomous province, the Province enjoys an enhanced degree of political and financial autonomy from the Italian central government and, as a result, the Province's economy benefits from a higher public expenditure, the amount of which is dependent upon the development of the local economy. Its geographical location - at the crossroads of the affluent regions of Trentino-Alto Adige, Veneto and Friuli Venezia Giulia in north-eastern Italy, Tyrol in Austria and Bavaria in southern Germany - has also contributed to the development of a healthy economy based on tourism, industry and agriculture. As a result of this, the economy of the Province has generally performed better than the national average, with lower unemployment (6.6 per cent. as at 31 December 2013 against the national average of 12.2 per cent. as at the same date) (*Source*: ISTAT) (the Italian National Statistics Office). This is also reflected in a high standard of living and higher than average levels of personal savings.

#### *Governmental Organisation*

##### *Relationship Between the Central Government and Local Governments*

Italy has been a democratic republic since 2 June 1946. Its government is organised territorially and administratively on national, regional and local levels. Legislative, executive and judicial powers are exercised at national level by Italy's Parliament, central government and judicial authorities (collectively referred to as "**Central Government**"). Except for those powers expressly reserved to the Central Government by the Italian Constitution, legislative and executive powers are exercised in certain matters at local level by the regions (*regioni*, 20 regions, including five governed by special statute) and by autonomous provinces (Trento and Bolzano), while administrative powers are exercised by the provinces (*province*, 110 provinces) and municipalities (*comuni*, 8,092 municipalities).

The Italian Constitution, as amended by constitutional Law No. 3 of 18 October 2001 (respectively, the "**Constitution**" and the "**Constitutional Federalism Law**"), reserves to the Central Government exclusive legislative powers to act in certain specified areas. The Constitutional Federalism Law underscores and confirms as part of the Constitution the following principles: (a) the regions and the Autonomous Provinces are entitled to establish and collect their own taxes and other revenues and have autonomy in the expenditure of their resources (respecting constitutional norms and standards established by the Central Government to co-ordinate Italy's public debt and tax system), (b) the taxes and other revenues collected by the regions and the Autonomous Provinces should be sufficient to guarantee the financing of all of such entities' functions and activities, (c) the regions and the Autonomous Provinces are entitled to receive the portion of Central Government taxes which may be referred to their territory rather than Central Government transfers based on other criteria (with the exception of minimal transfers intended as social equalisers between regions), (d) the redistribution of resources from richer areas to poorer areas should be made through an equalisation fund, and (e) the regions may incur indebtedness only to finance investment expenses and that such indebtedness may not be guaranteed by the Central Government.

Although the new Title 5 of the Constitution defines the new powers of the ordinary regions, Article 10 of the Constitutional Federalism Law provides that, until the relevant statutes are amended, the new regulations shall also apply to special regions and autonomous provinces as far as the Constitutional Federalism Law provides for a wider autonomy than that contemplated in the relevant special statutes (see "*Autonomous Provinces*" below). This means that, in connection with the matters listed above, the Province retains powers with respect to such matters to the extent that the Autonomy Statute (as defined below) and the relevant enactment provisions already provide for this. In addition, the widening of regional powers as set forth by the Constitutional Federalism Law, to the extent applicable, applies to the Province as well.

As a result, following the coming into force of the Constitutional Federalism Law, the Province also has a role in international relations and with the European Union. The law allows the Province to participate in the decision making processes of the European Union (relating to matters within its competence), to implement international agreements and European Union acts, to define and implement agreements with foreign countries and agreements with local governments of foreign countries, (relating to matters within its competence), within the framework of procedures established by the Central Government.

The Constitutional Federalism Law envisages, amongst other things, the enactment by Italy's Parliament of regulations which will allow the regions, autonomous provinces and representatives of certain other levels of local government to participate in a parliamentary commission that covers matters within their competence. The parliamentary commission may express opinions on Central Government laws regarding autonomy. A negative opinion or a conditional opinion of the commission on a law that is being considered by Italy's Parliament, regarding a matter falling within the concurrent legislative powers of the regions or provinces or regarding financial or tax federalism, must be approved by an absolute majority of both branches of Parliament.

#### *Autonomous Provinces*

The Province is one of the two provinces of Italy established as an autonomous province by Article 116 of the Constitution and by the special statute of Trentino Alto-Adige/Südtirol, approved by Constitutional Law No. 5 of 26 February 1948 and subsequently consolidated in D.P.R. No. 670 of 31 August 1972 (as subsequently amended and revised, the "**Autonomy Statute**"). Aside from other appropriate modifications, the Autonomy Statute was completely revised by Constitutional Law No. 1 of 10 November 1971 and Constitutional Law No. 1 of 23 February 1972 (which granted greater powers to the two autonomous provinces while maintaining certain exclusive competencies for the Region, which are principally formalities) and subsequently modified by Constitutional Law No. 2 of 31 January 2001 (the "**Constitutional Law No. 2**").

Pursuant to the Constitutional Federalism Law, the role of the Government Commissioner, who is the public officer representing the Central Government at the level of the autonomous provinces has been repealed and is no longer charged with preventive control of the laws of the Province. As a result, the laws of the Province, once approved by the Provincial Council, are published in the Official Bulletin of the Autonomous Region of Trentino Alto-Adige/Südtirol (*Bollettino Ufficiale della Regione*) and become effective after 15 days from such publication unless otherwise provided by law. Until the necessary amendments to the Autonomy Statute, as a result of the reform of Title 5 of the Constitution are made, the Government Commissioner is still responsible for (a) co-ordinating the performance of Central Government powers within the Province, (b) the supervision of the performance by the Province and other local public entities of powers delegated to them by the Central Government and (c) the exercise of powers which were previously delegated to the Prefect, who represents the Central Government at a local level, unless provided in a different manner in the Autonomy Statute or other relevant legislation.

#### *Legislative Autonomy*

The Autonomy Statute grants to the Province exclusive legislative powers in accordance with the Constitution, with the basic principles established by the Central Government, international obligations and national interests, as well as basic rules of social-economic reform.

The Province has been granted exclusive powers with respect to certain areas, including the regulation of provincial offices and their personnel.

The Constitutional Federalism Law increased the legislative autonomy of the Province both by re-classifying powers in certain areas (from concurrent to exclusive) and by attributing new powers in areas previously reserved to the Central Government.

The legislative autonomy of the Province also has its foundations in Legislative Decree No. 266 of 16 March 1992 which relates to regulations concerning the relationship between legislative acts of the Central Government and regional and provincial laws, as well as the Central Government's powers of policy and co-ordination. This decree sets out the unique regulations, which apply between the regions and which are designed to provide the framework for the regional and provincial regulatory system. On the basis of such regulations, the new legislation approved by the Central Government should not be applied directly to the Autonomous Provinces and the Regions if there are rules in force which have a different focus. Such regulations guarantee the Province a strong autonomy in its operations.

#### *Institutional Reform*

Provincial Law No. 3 of 16 June 2006 (the "**Provincial Law 3**") approved the institutional reform through which the Province has enacted the principles of subsidiarity, differentiation and suitability guidelines.

As such, the Province has a new legislative plan for the government in relation to its special autonomy.

Provincial Law 3 identifies the functions pertaining to the Province and provides that other functions are transferred to the municipalities of the provincial territory.

Pursuant to Provincial Law 3, most of the functions transferred to the municipalities should be managed on a collective basis through the establishment by the municipalities in the relevant territories of the Province of new local authorities (the "**communities**").

In all territories of the Province, the establishment of the communities has been completed and all the communities have been entrusted with functions by the Province between 1 January 2010 and 1 January 2013. The communities have the widest powers in the exercise of the functions transferred to them and are, therefore, allowed to exercise such functions in the most appropriate manner according to the needs of each territory (subject to compliance with the guidelines and coordination provided by the Province in order to guarantee equal minimum levels of benefits and services in the territory).

The above organisation is, however, currently being revisited by the Province in order to maintain the target of transferring functions from the Province to the local authorities – with the obligation for such local authorities to manage such functions on a joint basis through the communities – as well as to have a joint management of those functions now within the competence of municipalities through arrangements which are still to be identified by the provincial legislator. Within the same legislative plan for reviewing the organisation above, it is also planned to coordinate at communities' level the planning of investments by local authorities in order to guarantee the rationalisation of investments and their costs.

#### *The new electoral system*

Provincial Law No. 2 of 5 March 2003 introduced a proportional electoral system to the Province, with a simultaneous direct election of the President of the Province, adjusted by a top-up for the electoral lists associated with the winning candidate which grants political and governmental stability.

The Province is governed by the President of the Province (*Presidente della Provincia*), the Provincial Council (*Consiglio Provinciale*) and the Provincial Board (*Giunta Provinciale*). The Provincial Council is entrusted with the legislative function, the policy function and political control. The Provincial Council has a term of five years, and is normally composed of 35 Provincial Councillors (*Consiglieri Provinciali*) elected by that part of the population residing in the Province. The current council was elected 27 October 2013.

The Provincial Board is the executive body and exercises the governing functions of the Province. On 27 October 2013, the elections of the XV legislature were held to elect the President of the Province and the Provincial Council. The majority government that was subsequently elected is composed of the centre-left political parties that governed the Province in the previous legislature (2008 - 2013).

The President of the Province is Mr. Ugo Rossi who was elected with 58.11 % of the vote.

## The Economy

The following discussion of the economy of the Province is based on data taken from Provincial statistical information, except as otherwise indicated.

The main statistical economic indicators included herein are based upon Gross Domestic Product, or GDP, and, at a sector-by-sector level, by Gross Added Value, or GAV. GDP is a measure of wealth generation. GAV is equivalent to GDP excluding value added tax, or VAT and net import tax.

At year-end 2012, GAV per capita in the Province, at constant 2005 prices, was approximately €24,366, being approximately 18.1 per cent. higher than the Italian average. GDP per capita at current prices was approximately €30,787. At year-end 2012, the Province's GDP represented 1.0 per cent. of the total Italian production, being approximately €16,243 million (Source: ISTAT (the Italian National Statistics Office), November 2013).

The following table shows the contribution of each principal sector to the GAV of the Province, at constant 2005 prices, for the periods indicated:

	2012	2011	2010	2009	2008
	(euro millions)				
Industry <sup>(1)</sup> .....	3,134.37	3,237.6	3,190.1	3,070.8	3,282.2
Services .....	9,278.53	9,508.4	9,579.2	9,400.2	9,707.3
Primary .....	443.59	475.0	450.9	449.6	437.1
Total GAV .....	<b>12,855.1</b>	<b>13,216.6</b>	<b>13,219.3</b>	<b>12,917.6</b>	<b>13,424.2</b>

<sup>(1)</sup> Includes construction sector GAV

(Source: ISTAT, November 2013)

The GAV breakdown shows that the main activity of the Province in terms of GAV production is the service sector which represented approximately 72 per cent. of the total in 2012; a consistent part of it was produced by non-market services, either from public administration or from private social institutions.

In 2012, income per capita amounted to €19,428, which was 10.6 per cent. higher than the Italian national average. In 2012, consumption per capita of families within the Province amounted to €19,734, which was 26.5 per cent. higher than the Italian national average.

## Employment

As at 31 December 2012, approximately 227,718 people, representing 65.6 per cent. of the total population (between 15-64 years of age) of the Province, were employed. As at the same date, approximately 16,324 people of the labour force of the Province, were registered as seeking work. The Province's unemployment rate was 6.6 per cent., which is below the national rate of 12.2 per cent.

The following table shows Provincial and national unemployment rates for the periods indicated:

	Annual average for year ended 31 December							
	2013	2012	2011	2010	2009	2008	2007	2006
Autonomous Province of Trento .....	6.6%	6.1%	4.5%	4.3%	3.5%	3.3%	2.9%	3.1%
Italy .....	12.2%	10.7%	8.4%	8.4%	7.8%	6.7%	6.1%	6.8%

Source: Fictitious data, for illustration purposes only

## ***Financial Information relating to the Province***

### *Autonomy*

The financial autonomy of the Province, as outlined in the Autonomy Statute, as amended by Law No. 191 of 23 December 2009 (the "**2010 Financial Law**") is characterised by the following elements:

- Territoriality of finances: a fixed percentage of all tax revenues relating to the provincial territory, even if collected outside of such territory, is assigned to the Province. There is, accordingly, a strong link between the dynamics of the underlying economy and Provincial revenues;
- Objectivity of the financial relationship between the Central Government and the Province: the share of tax revenues to be assigned to the Province is fixed and predetermined; this makes the relationship between the Central Government and the Province objective;
- Certainty of resources: the Central Government has no discretion in determining either the entitlement of the Province to receive resources or the relevant amount of such resources;
- Possibility of planning the use of financial resources: it is possible to accurately plan, on a long-term basis, the available financial sources, considering both the certainty and objectivity of the elements outlined above; and
- Autonomy in employing resources: planning and employing resources within its powers is exclusively reserved to the Province; thus, available resources are free from any kind of allocation bond set at a national level.

The Province benefits from strong and broad fiscal autonomy with regard to both tax revenues to which it is entitled and municipal taxes. In addition, the Province has, *inter alia*, the power to establish new taxes in respect of matters falling within its competence and to vary the rates of certain taxes established and identified by the Central Government, or to provide exemptions or deductions in respect thereto within certain limits.

### *The Financial Report*

The financial report for any fiscal year is drafted by the Provincial Board by 31 May of each year and submitted to the Court of Accounts for the relevant controls. The Provincial Board has approved the financial report for 2013 and, in compliance with the resolutions adopted by the Court of Accounts, will approve the relevant bill of law which will subsequently be submitted to the Provincial Council. The most recent financial report approved by the Provincial Council was that for 2012.

### *Revenues of the Province*

The Province's revenues comprise primarily of transfers of Central Government tax revenues and provincial taxes. With respect to transfers of tax revenues from the Central Government, according to the Autonomy Statute (as amended by the 2010 Financial Law), the Province is entitled to a 90 per cent. share of all Central Government tax revenues relating to the provincial territory with the exclusion of the tax on electric energy consumption and VAT for which the Province's shares are equal to, respectively, 100 per cent. and 70 per cent. The tax revenues transferred to the Province are identified, in accordance with the Autonomy Statute, by reference to a general criterion (which makes reference to "all other Central Government tax revenues"); as a consequence, should the Central Government establish new taxes, these are automatically attributed to the Province at a participation level of 90 per cent. The Province has a strong and broad fiscal autonomy, by which, through its legislative autonomy, it is able to establish its own taxes (*tributi propri*) even in the absence of national legislation, as long as the establishment of such taxes is in accordance with the principles of the national tax system. Such powers have been strengthened by Law No. 147 of 27 December 2013 (the "**2013 Stability Law**", formerly named "Financial Law") and have been enhanced to fall within the matters of primary competence of the Province. The 2013 Stability Law also contemplates the delegation of authority to the Province in the matters of tax agencies, arrangements for the implementation of which are still to be agreed with the Republic of Italy.



### *Financial Federalism*

Fiscal federalism, the provisions of which are set out in Article 27 of Law No. 42 of 5 May 2009, was implemented through an amendment of the Autonomy Statute by the 2010 Financial Law, following the "Milan Agreement" entered into between the Autonomous Region of Trentino Alto-Adige/Südtirol, the Autonomous Provinces of Trento and Bolzano and the Central Government in 2009. According to Article 104 of the Autonomous Statute, the provisions of Section VI of the Autonomous Statute regarding the financial sector may be amended by a law of the Central Government, upon a request by the Central Government and, with respect to the matters falling within their competence, a request by the Autonomous Region of Trentino Alto-Adige/Südtirol and the Autonomous Provinces of Trento and Bolzano.

As a result of this amendment, the Province's financial system is now based on the following principles: territoriality and objectivity of financial relationships, certainty of resources (including the possibility of planning future resources), autonomy in the allocation of such resources and broad fiscal autonomy. By establishing these new principles, a balance has been reached between the necessity, on the one hand, to safeguard the Province's financial autonomy and the necessity, on the other hand to fulfil equalisation and solidarity objectives and to comply with the internal stability pact and those obligations deriving from other provisions for the coordination of public finance.

In respect of the stability pact, compliance with such pact is based on the balances resulting from the Province's budget, while the criteria relating to limits on the budget's expenditures is applicable to ordinary as well as special regions. The Province has to agree with the Ministry of Economy and Finance, on an annual basis, the balance to be reached in respect of its budget. Such criteria is more consistent not only with the autonomy of the Province, leaving to it the power to decide how to comply with the stability pact (by increasing the revenues and/or curbing the expenses) but also with the European regulations relating to public finance.

According to the amended Autonomous Statute, Autonomous Provinces of Trento and Bolzano are also entitled to identify the obligations deriving from the stability pact and to coordinate, monitor and verify the fulfilment of the relevant objectives by local entities, healthcare entities, the University of Trento, chambers of commerce, industry, handicraft and agriculture as well as by the other entities and bodies which are instrumental to or financed by the Autonomous Provinces.

Such a principle of fiscal federalism has been strengthened by a provision of the Autonomy Statute, which states that the rules on the stability pact applicable to the regions and the other local entities are not applicable to the Province. A further provision states that the Central Government rules regarding the fulfilment of equalisation and solidarity objectives and the compliance with the obligations deriving from the internal stability pact are not applicable to the Autonomous Region of Trentino Alto-Adige/Südtirol and the Autonomous Provinces of Trento and Bolzano.

Subsequent to the Milan Agreement and as a result of difficult domestic economic conditions, the Republic of Italy introduced measures designed to facilitate a balanced national budget which strongly affected the financial structure of the Region and of the Province. The Province challenged with the Constitutional Court certain of these measures which it considered to be unconstitutional so to preserve its statutory prerogatives. The Province has also activated together with the Province of Bolzano a debate with the State which will review the financial relationships with the State with a view to bringing back the contribution of the provinces to the targets of public finance rules within the framework of the statutory principles set forth by the Milan Agreement. A positive outcome in the debate would supersede the litigation currently pending with the Constitutional Court.

### *Income and Expenditure*

The following table sets forth the current revenues and expenditures and the capital revenues and expenditures for the periods indicated:

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
	<i>(euro millions)</i>					
Current revenues .....	4,387.91	4,289.49	4,349.50	4,391.41	4,080.24	4,003.84
Current expenditures* .....	-2,871.81	-2,854.46	-2,864.34	-2,864.51	-2,727.97	-2,615.49

	2013	2012	2011	2010	2009	2008
<b>CURRENT MARGIN</b> .....	<b>1,516.10</b>	<b>1,435.03</b>	<b>1,485.16</b>	<b>1,526.90</b>	<b>1,352.27</b>	<b>1,388.35</b>
Loans in favour of the Province .....	0.00	0.00	0.00	0.00	0.00	0.00
Capital revenues ** .....	218.38	107.62	139.31	167.18	142.12	155.87
Capital expenditures *** .....	-1,688.04	-1,767.77	-1,750.28	-1,760.14	-1,620.76	-1,543.20
Capital balance.....	-1,469.66	-1,660.15	-1,610.97	-1,592.96	-1,478.64	-1,387.33
<b>BALANCE BEFORE FINANCING</b> .....	<b>46.44</b>	<b>-225.12</b>	<b>-125.81</b>	<b>-66.06</b>	<b>-126.37</b>	<b>1.02</b>
Loan repayments .....	0.00	0.00	0.00	0.00	0.00	0.00
Loan drawdowns (capital quota) .....	0.00	0.00	0.00	0.00	0.00	0.00
Net variation in debt.....	0.00	0.00	0.00	0.00	0.00	0.00
<b>FINAL RESULT</b> .....	<b>46.44</b>	<b>-225.12</b>	<b>-125.81</b>	<b>-66.06</b>	<b>-126.37</b>	<b>1.02</b>

\* net of interest payable by the State and inclusive of the cost of servicing municipal debt

\*\* net of State commitments for the contraction of mortgages and loans

\*\*\* net of debt repayments by the State

### Accruals and Financial Results

The following table sets forth the financial results of the Province for the periods indicated:

	As at 31 December					
	2013	2012	2011	2010	2009	2008
	<i>(euro millions)</i>					
Cash at year end.....	938	616	253	60	129	16
Accruals to be received at the end of the year .....	3,495	3,403	3,353	3,581	3,405	3,991
Accruals due at the end of the year .....	(4,061)	(3,725)	(3,142)	(3,063)	(2,938)	(3,404)
Financial result.....	372	294	464	578	596	603

Source: Autonomous Province of Trento

The Province's average value of cash in 2013, included approximately €1,124.10 million in the Central Government Treasury Bank, and approximately €28.82 million in the Provincial Treasury Bank. Cash reserves at the Provincial Treasury Bank also included amounts destined for the Province's internal financial entities, which are included in the account balance of the Provincial Treasury Bank. Total cash available is determined by the final balance of the account held at the Provincial Treasury Bank and by the balances in the sub accounts at the Provincial Treasury Bank.

The following table sets forth cash reserves of the Province held at the respective Treasury Banks (average values), for the periods indicated:

### Annual average values

	2013	2012	2011	2010	2009	2008
	<i>(euro millions)</i>					
<b>Central Government Treasury Bank and its local branch</b> .....	<b>1,124.10</b>	<b>973.34</b>	<b>680.24</b>	<b>595.09</b>	<b>943.92</b>	<b>502.99</b> (*)
Local branch of the Central Government Treasury Bank .....	1,122.31	973.26	366.34	60.68	942.51	(*)
Central Government Treasury Bank ordinary .....	0.00	0.00	313.68	532.66		496.60 (*)
European Union Account .....	1.79	0.08	0.23	1.75	1.41	1.21
Healthcare Account .....	0.00					5.18 (**)
<b>Provincial Treasury Bank</b> .....	<b>28.82</b>	<b>44.25</b>	<b>52.85</b>	<b>46.35</b>	<b>57.07</b>	<b>35.59</b>
Cash on Hand at Year-End.....	0.00	0.27	2.39	0.17	1.25	-50.27
Sub-accounts at the Provincial Treasury Bank .....	28.82	43.98	50.46	46.19	55.82	85.86
<b>Total Cash at Hand</b> .....	<b>1,152.92</b>	<b>1,017.59</b>	<b>733.09</b>	<b>641.44</b>	<b>1,000.99</b>	<b>538.58</b>

\* From 1 January 2009 to 7 March 2010 the funds received from the Central Government have been credited with the special account at the local branch of the Central Government Treasury Bank. Starting from 8 March 2010 the special account at the local branch of the Central Government Treasury Bank has been closed further to the decision of the Constitutional Court No.

334 of 18 December 2009 and the relevant balance has been transferred to the ordinary account at the Central Government Treasury Bank.

From 1 September 2011, further to the entry into force of Article 2, paragraph 108, of 2010 Financial Law, the Central Government Treasury Bank has been closed and the balance has been transferred to a new account at the local branch of the Central Government Treasury Bank.

\*\* Starting from 1 January 2009 the healthcare account at the Central Government Treasury Bank has been closed further to the entry into force of Article 77-quarter of Law Decree No. 112 of 25 June 2008 (converted into law, with amendments, by Law No. 133 of 6 August 2008) and the relevant balances have been transferred to the special account at the local branch of the Central Government Treasury Bank.

Source: Autonomous Province of Trento

### ***Debt of the Province***

The Province has not previously incurred any indebtedness which has placed a financial burden on its budget. In any event, pursuant to Provincial Law No. 7 of 14 September 1979, the Province is prohibited from issuing debt if the ratio of the relevant payments of principal and interest, including those payable on outstanding debt, to the aggregate provincial tax revenues (including the Province's fixed shares in Central Government tax revenues, but excluding the revenues deriving from preceding financial years (*esercizi pregressi*)), should exceed 15 per cent.

## TAXATION

*The statements herein regarding taxation are based on the laws in force as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules.*

*Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.*

### EU SAVINGS DIRECTIVE

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**Directive**"), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 18 March 2014, the Luxembourg government submitted to the Luxembourg Parliament the draft bill No. 6668 on taxation of savings income putting an end to the current withholding tax regime as from 1 January 2015 and implementing the automatic exchange of information as from that date. This draft bill is in line with the announcement of the Luxembourg government of April 2013.

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

### ITALIAN TAXATION

*The following is a summary of current Italian law and practice relating to the taxation of the Notes.*

*The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes may be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules.*

#### Tax treatment of Notes

##### **Interest from Notes which are listed on a Qualified Market or if not listed on a Qualified Market held by Qualified Investors (as defined below)**

Legislative Decree No. 239 of 1 April 1996 ("**Decree 239**") sets out the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**") from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) which are listed on a regulated market, or multilateral trading platform, in an EU Member State or in a country belonging to the European Economic Area which is also included under the list provided by Ministerial Decree of 4 September 1996 as amended and supplemented ("**Qualified Market**") or, if not listed, are held by one of the investors pursuant to Art. 100 of Legislative Decree No. 58 of 24 February 1998 as amended and supplemented ("**Qualified Investors**").

The provisions of Decree 239 only apply to those notes which qualify as *obbligazioni* (bonds) or as *titoli similari alle obbligazioni* (securities similar to bonds) pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented ("**Decree 917**").

For these purposes, *titoli similari alle obbligazioni* are defined as notes that incorporate an unconditional obligation to pay, at maturity, an amount not less than their nominal value (whether or not providing for internal payments) and that do not give any right to directly or indirectly participate in the management of the issuer or of the business in relation to which they are issued, nor any type of control on the management.

#### *Italian resident Noteholders*

Where an Italian resident Noteholder is:

- (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the *risparmio gestito regime* – see "*Capital gains tax*" below);
- (b) a non-commercial partnership;
- (c) a non-commercial private or public institution or trust not having a commercial purpose; or
- (d) an investor exempt from Italian corporate income taxation,

Interest relating to the Notes, accrued during the relevant holding period, is subject to a withholding tax (referred to as "*imposta sostitutiva*"), levied at the rate of 26 per cent. In the event that the Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Where an Italian resident Noteholder is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorised intermediary, Interest from the Notes will not be subject to *imposta sostitutiva* provided also that the relevant Noteholder is the beneficial owner of Interest payments. They must, however, be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Noteholder, also to IRAP (the regional tax on productive activities)).

Italian real estate funds (coming under the definition as amended pursuant to Italian Legislative Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010) created under Article 37 of Italian Legislative Decree No. 58 of 24 February 1998 and Article 14-bis of Italian Law No. 86 of 25 January 1994, are not subject to any substitute tax at the fund level nor to any other income tax in the hands of the fund to the extent that the Notes and the relevant Coupons are deposited with an authorised intermediary.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund (a "**Fund**") or a *Società di investimento a capitale variabile* ("**SICAV**"), and the Notes are held by an authorised intermediary, Interest accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*. They must, however, be included in the management results of the Fund accrued at the end of each tax period. A withholding tax of 26 per cent. will be levied on proceeds distributed by the Fund or SICAV or received by certain categories of unitholders upon redemption or disposal of the units.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Italian Legislative Decree No. 252 of 5 December 2005 ("**Decree 252**")) and the Notes are deposited with an authorised intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. (11.5 per cent. as to year 2014 only) substitute tax.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* ("**SIMs**"), fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Finance (each an "**Intermediary**").

An Intermediary must (a) be resident in Italy, or (b) be a permanent establishment in Italy of a non-Italian resident financial intermediary, or (c) be an entity or a company not resident in Italy, acting through a

system of centralised administration of notes and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree 239 and, in any case, intervene in the collection of Interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any Italian financial intermediary paying interest to a Noteholder or, absent that, by the Issuer.

#### *Non-Italian resident Noteholders*

Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are effectively connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is:

- (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy as listed (i) in the Italian Ministerial Decree dated 4 September 1996, as amended from time to time, or (ii) as from the fiscal year in which the decree pursuant to Article 168-bis of Decree 917 is effective, in the list of States allowing an adequate exchange of information with the Italian tax authorities as per the decree (for the 5 years starting on the date of publication of the decree in the Official Gazette, States and territories that are not included in the current black-lists set forth by Italian Ministerial Decrees of 4 May 1999, 21 November 2001 and 23 January 2002 nor in the current white list set forth by Italian Ministerial Decree of 4 September 1996 are deemed to be included in the new white-list) (the "**White List States**"); or
- (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or
- (c) an "institutional investor", whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with Italy; or
- (d) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State.

In order to ensure gross payment, non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected must be the beneficial owners of the payments of Interest and must:

- (a) deposit, directly or indirectly, the Notes with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance; and
- (b) file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares it is eligible to benefit from the applicable exemption from *imposta sostitutiva*. This statement, which is not requested for international bodies or entities set up in accordance with international agreements that have entered into force in Italy or in the case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. to Interest paid to Noteholders who do not qualify for the exemption.

Noteholders who are subject to the *imposta sostitutiva* might, nevertheless, be eligible for total or partial relief under an applicable tax treaty.

#### **Interest from Notes which are not listed on a Qualified Market and which are not held by a Qualified Investor**

Presidential Decree No. 600 of 29 September 1973 ("**Decree 600**") sets out the applicable regime with respect to the tax treatment of Interest from notes falling within the category of bonds (*obbligazioni*) or

debentures similar to bonds (*titoli similari alle obbligazioni*) which are issued by Italian companies other than, *inter alia*, banks, companies listed on a regulated market and public entities transformed in limited liability companies pursuant to specific law provisions and which are not either listed on a Qualified Market or held by a Qualified Investor.

Under Decree 600, Interest payments relating to the Notes are subject to a withholding tax, levied at the rate of 26 per cent.

Where the Noteholder is (i) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected, (ii) an Italian company or a similar Italian commercial entity, (iii) a permanent establishment in Italy of a foreign entity, (iv) an Italian commercial partnership, or (v) an Italian commercial private or public institution or a trust having a commercial purpose, the withholding tax thereof is a provisional tax. In all other cases, including when the Noteholder is a non-Italian resident, the withholding tax is a final tax.

In case of non-Italian resident Noteholders, the withholding tax rate may be reduced by the applicable double tax treaty, if any.

The provisions of a tax treaty may be applied to interest paid under the Notes to the extent that the relevant Noteholder (i) is resident for tax purposes in the State with which Italy has entered the tax treaty whose application is invoked, (ii) is the beneficial owner of the interest payments and (iii) does not carry on business in Italy through a permanent establishment and the Notes are effectively connected with such permanent establishment. The Issuer will always apply the withholding tax at the rate provided under Italian law. Non-Italian resident Noteholders that, although being entitled to a lower withholding tax under an applicable double tax treaty, have received interest on the Notes net of the withholding tax applied at the domestic law rate, may apply to the Italian tax authorities for a refund of the excess withholding tax by providing the following documentation:

- an "affidavit" by means of which the Noteholder requests the application of the applicable tax treaty. The "affidavit" must attest that the Noteholder:
  - (a) is a person resident for tax purposes in the relevant State and qualifies for the application of the relevant tax treaty;
  - (b) is subject to tax in the relevant State;
  - (c) is the effective beneficial owner of the interest paid under the Notes; and
  - (d) has no permanent establishment in Italy; and
- a "tax certificate" issued by the tax authorities of the State of residence of the Noteholder attesting that the Noteholder is a person resident in the State thereof for tax purposes and that it is subject to tax there on the income received.

The application for refund must be submitted by the recipient, or his representative, within 48 months from the date of payment of the tax. The application for refund must be addressed to Centro Operativo dell'Agenzia delle Entrate di Pescara, Via Rio Sparto 21, 65100 Pescara (Italy).

Non-Italian resident Noteholders should consult their own tax advisers in order to ascertain the recoverability of taxes applied in the Republic of Italy under the provisions regulating the foreign tax credit in their respective jurisdictions.

#### **Payments made by an Italian resident guarantor**

With respect to payments on the Notes made to Italian resident Noteholders by an Italian resident guarantor in accordance with one interpretation of Italian tax law, such payments may be subject to a provisional withholding tax at a rate of 26 per cent. pursuant to Article 26, paragraph 5, of Decree 600, as subsequently amended. In the case of payments to non-Italian resident Noteholders, the withholding tax is levied as a final tax. Double taxation treaties entered into by Italy may apply allowing for a lower (on, in certain cases, nil) rate of withholding tax. In accordance with another interpretation, any such payment made by the Italian resident guarantor will be treated, in certain circumstances, as a payment by the

relevant issuer and will thus be subject to the tax regime described in the previous paragraphs of this section.

### **Atypical securities**

Interest payments relating to Notes which are not deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) may be subject to a withholding tax, levied at the rate of 26 per cent. For this purpose, debentures similar to bonds are securities that (i) incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value and (ii) attribute to the relevant holders no direct or indirect right to control or participate in the management of the relevant issuer.

Where the Noteholder is (i) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected, (ii) an Italian company or a similar Italian commercial entity, (iii) a permanent establishment in Italy of a foreign entity, (iv) an Italian commercial partnership, or (v) an Italian commercial private or public institution or a trust having a commercial purpose, such withholding tax is a provisional tax. In all other cases, including when the Noteholder is a non-Italian resident, the withholding tax is a final tax. In the case of non-Italian resident Noteholders, the withholding tax rate may be reduced by the applicable double tax treaty, if any (please see above for a description of the applicable procedure).

### **Capital gains tax**

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

Where an Italian resident Noteholder is an individual holding the Notes not in connection with an entrepreneurial activity and certain other persons, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent. Under certain conditions, Noteholders may set-off capital losses with capital gains.

In particular, losses realised:

- until 31 December 2011, are set-off with an amount equal to 48.08 per cent. of the gains realised as from 1 July 2014;
- from 1 January 2012 to 30 June 2014, are set-off with an amount equal to 76.92% of the gains realised as from 1 July 2014;
- as from 1 July 2014 are set-off with the entire amount of the gains realised as from 1 July 2014.

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

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

As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the *risparmio amministrato regime*). Such



separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries 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 (as well as in respect of capital gains realised as at revocation of its mandate), net of any incurred capital loss, 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 kind subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth succeeding tax year. Under the *risparmio amministrato regime*, the Noteholder is not required to declare the capital gains in the annual tax return.

Any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so-called *risparmio gestito* regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Any depreciation of the managed assets accrued at a year-end may be carried forward and offset against any subsequent increase in value of the managed assets accrued in each of the following fiscal years up to the fourth one. Under the *risparmio gestito regime*, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Any capital gain realised by a Noteholder who is a Fund or a SICAV will be included in the result of the relevant portfolio accrued at the end of the tax period and is not taxable at the level of such Fund. A withholding tax of 26% will be levied on proceeds distributed by the Fund or the SICAV or received by certain categories of unitholders upon redemption or disposal of the units.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by Article 17 of the Decree 252) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 11 per cent. (11.5 per cent. as to year 2014 only) substitute tax.

Capital gains realised by Italian resident real estate funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998 or pursuant to Article 14-bis of Italian Law No. 86 of 25 January 1994, on the Notes are not taxable at the level of the real estate funds.

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected from the sale for consideration or redemption of Notes issued by an Italian resident issuer and traded on a regulated market in Italy or abroad are not subject to the *imposta sostitutiva*. The exemption applies provided that the non-Italian resident Noteholders file in due course with the authorised financial intermediary an appropriate affidavit (*autocertificazione*) stating that the Noteholder is not resident in Italy for tax purposes.

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected from the sale for consideration or redemption of Notes issued by an Italian resident issuer not traded on a regulated market in Italy or abroad are not subject to the *imposta sostitutiva*, provided that the effective beneficiary is:

- (a) resident, for tax purposes, in a White List State; or
- (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or
- (c) an "institutional investor", whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with Italy; or
- (d) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State.

If none of the conditions above are met, capital gains realised by non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected from the sale or redemption of Notes issued by an Italian resident issuer and not traded on Regulated Markets may be

subject to the *imposta sostitutiva* at the current rate of 26 per cent. However, Noteholders may benefit from an applicable tax treaty with Italy providing that capital gains realised upon the sale or redemption of the Notes are to be taxed only in the resident tax country of the recipient.

### **Inheritance and gift taxes**

Pursuant to Law Decree No. 262 of 3 October 2006 ("**Decree 262**"), converted into Law No. 286 of 24 November 2006, as subsequently amended, the transfer of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- (i) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding €1,000,000 (per beneficiary);
- (ii) transfers in favour of relatives up to the fourth degree or relatives-in-law to the third degree are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding €100,000; and
- (iii) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the transfer is made in favour of persons with severe disabilities, the tax applies on the value exceeding €1,500,000.

### **Transfer tax**

Contracts relating to the transfer of securities are subject to a € 200 registration tax as follows: (i) public deeds and notarised deeds are subject to mandatory registration; and (ii) private deeds are subject to registration only in the case of voluntary registration.

### **Stamp duty**

Pursuant to Article 19(1) of Law Decree No. 201 of 6 December 2011 ("**Decree 201**"), converted by Law no. 214 of 22 December 2011, a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to a Noteholder in respect of any Notes which may be deposited with such financial intermediary. The stamp duty applies at a rate of 0.20 per cent.; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held. The stamp duty cannot exceed Euro 14,000 if the Noteholder is not an individual.

The stamp duty applies both to Italian resident and non-Italian resident Noteholders, to the extent that Notes are held with an Italian-based financial intermediary.

### **Wealth Tax on securities deposited abroad**

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Notes outside the Italian territory are required to pay a wealth tax at a rate of 0.20 per cent..

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

### **EU Savings Directive**

Italy has implemented the EU Savings Tax Directive through Legislative Decree No. 84 of 18 April 2005 ("**Decree No. 84**"). Under Decree No. 84, subject to a number of important conditions being met, with respect to interest paid starting from 1 July 2005 (including the case of interest accrued on the Notes at the time of their disposal) to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another EU Member State or in a dependent or associated territory under the relevant international agreement (currently, Jersey, Guernsey, Isle of Man, Netherlands Antilles,

British Virgin Islands, Turks and Caicos, Cayman Islands, Montserrat, Anguilla and Aruba), Italian paying agents (i.e. banks, SIMs, fiduciary companies, SGRs resident for tax purposes in Italy, permanent establishments in Italy of non-resident persons and any other economic operator resident for tax purposes in Italy paying interest for professional or commercial reasons) shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. In certain circumstances, the same reporting requirements must be complied with also in respect of interest paid to an entity established in another EU Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), whose profits are taxed under general arrangements for business taxation and, in certain circumstances, UCITS recognised in accordance with Directive 2009/65/EC.

Either payments of interest on the Notes or the realisation of the accrued interest through the sale of the Notes would constitute "payments of interest" under Article 6 of the Directive and, as far as Italy is concerned, Article 2 of Decree No. 84. Accordingly, such payment of interest arising out of the Notes would fall within the scope of the Directive.

### **The proposed financial transactions tax ("FTT")**

On 14 February 2013, the European Commission published a proposal (the "Commission's Proposal") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

### **Foreign Account Tax Compliance Act ("FATCA")**

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer or, as the case may be, the Guarantor, any paying agent, the depositary, common depositary or common safekeeper, given that each of the entities in the payment chain between the Issuer or, as the case may be, the Guarantor, and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement to facilitate the implementation of FATCA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive notes will only be printed in remote circumstances.

## SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement (the "**Programme Agreement**") dated 7 October 2014, agreed with the Issuer and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer (failing which, the Guarantor) has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### **United States**

The Notes have not been and will not be registered under the Securities Act 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 under the Securities Act.

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

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the Law No. 25 of 1948, as amended; the "FIEA") and each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Law (Law No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **Republic of Italy**

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") pursuant to Italian securities legislation. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy will be effected in accordance with all Italian securities, tax and exchange control and any other applicable laws and regulation.

Any such offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 58 of 24 February 1998, CONSOB Regulation No. 16190 of 29 October 2007 and Legislative Decree No. 385 of 1 September 1993 (in each case as amended from time to time); and
- (b) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

## **France**

Each of the Dealers and the Issuer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

## **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

## GENERAL INFORMATION

### Authorisation

The update of the Programme has been duly authorised by resolutions of the Board of Directors of the Issuer dated 23 July 2014 and 26 September 2014. The Guarantee has been authorised by resolution of the Board of the Province No. 1656 of 29 September 2014. In respect of each issue of Notes under the Programme, each of the Issuer and the Guarantor will obtain all necessary consents, approvals and authorisations in connection with such issue and the performance of its obligations thereunder.

### Listing and Admission to Trading

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange pursuant to Chapter 2 of Part III of the *Loi relative aux prospectus pour valeurs mobilières* dated 10 July 2005, as amended. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive.

### Documents Available

For the period of 12 months following the date of this Base Prospectus or for so long as any Notes remain outstanding, copies of the following documents will, when published, be available for inspection during normal business hours at the registered office of the Issuer and at the specified office of the Paying Agent for the time being in Luxembourg:

- (a) the By-laws (with an English translation thereof) of the Issuer;
- (b) the audited financial statements of the Issuer in respect of the years ended 31 December 2012 and 31 December 2013, respectively (with an English translation thereof), together with the audit reports prepared in connection therewith;
- (c) the most recent annual audited financial statements of the Issuer published from time to time, commencing with its audited financial statements in respect of the year ended 31 December 2013;
- (d) the Programme Agreement, the Agency Agreement, the Deed of Guarantee, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;
- (e) a copy of this Base Prospectus; and
- (f) any future prospectuses, information memoranda and supplements to this Base Prospectus and the Final Terms in connection with listed Notes and any other documents incorporated herein or therein by reference.

The documents listed under paragraphs (a), (b), (c), (d) and (e) may be obtained free of charge at the offices indicated above. The Issuer does not produce any audited or unaudited interim financial statements.

In addition, copies of this Base Prospectus and each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market are available on the Luxembourg Stock Exchange's website at [www.bourse.lu](http://www.bourse.lu).

### Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

### **Conditions for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

### **Significant or Material Change**

There has been no significant change in the financial or trading position of the Issuer since 31 December 2013 and there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2013.

### **Litigation**

The Issuer is not, nor has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

### **Auditors**

The auditors of the Issuer are PricewaterhouseCoopers S.p.A., who has audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in the Republic of Italy for the financial years ended on 31 December 2013, 31 December 2012 and 31 December 2011. The auditors of the Issuer have no material interest in the Issuer.

PricewaterhouseCoopers S.p.A. is registered under No. 119644 in the Register of Accountancy Auditors (*Registro Revisori Legali*) by the Italian Ministry of Economy and Finance, in compliance with the provisions of the Legislative Decree of 27 January 2010, No. 39. PricewaterhouseCoopers S.p.A., whose head office is located at Via Monte Rosa 91, 20149 Milan, Italy, is also a member of ASSIREVI (the Italian association of audit firms).

The reports of the auditors of the Issuer are included or incorporated in the form and context in which it is included or incorporated, with the consent of the auditors who have authorised the contents of that part of this Base Prospectus.

### **Post-issuance information**

Save as set out in the Final Terms, the Issuer does not intend to provide any post-issuance information, except if required by any applicable laws and regulations.

### **Dealers transacting with the Issuer**

Certain of the Dealers and their affiliates, including parent companies, have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates (including parent companies) 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 the Issuer's affiliates. Certain of the Dealers or their affiliates (including parent companies) that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates (including parent companies) 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 issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates (including parent companies) may also make investment recommendations and/or publish or express

independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purpose of this paragraph the term "**affiliates**" includes also parent companies.



**ISSUER**

**Cassa del Trentino S.p.A.**

Via Vannetti, 18/A

38122 Trento

Italy

**GUARANTOR**

**The Autonomous Province of Trento**

Piazza Dante, 15

38122 Trento

Italy

**ISSUING AND PRINCIPAL PAYING AGENT**

**Deutsche Bank AG, London Branch**

Winchester House

1 Great Winchester Street

London EC2N 2DB

United Kingdom

**PAYING AGENT**

**Deutsche Bank Luxembourg S.A.**

2 Boulevard Konrad Adenauer

L-1115 Luxembourg

**LEGAL ADVISERS**

*To the Issuer and the Guarantor as to Italian law*

**Studio Legale Beltramo**

Via V. Veneto 84

00187 Rome

Italy

*To the Dealers as to English and Italian law*

**Clifford Chance Studio Legale Associato**

Piazzetta M. Bossi, 3

20121 Milan

Italy

**AUDITORS**

**PricewaterhouseCoopers S.p.A.**

Via Monte Rosa, 91

20149 Milan

Italy

## DEALERS

**Banca Akros S.p.A. - Gruppo Bipiemme Banca  
Popolare di Milano**  
Viale Eginardo 29  
20149 Milan  
Italy

**Banca Aletti & C. S.p.A.**  
Via Roncaglia, 12  
20146 Milan  
Italy

**Banca IMI S.p.A.**  
Largo Mattioli 3  
20121 Milan  
Italy

**BNP PARIBAS**  
10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**ING Bank N.V.**  
Foppingadreef 7  
1102 BD Amsterdam  
The Netherlands

**Mitsubishi UFJ Securities International plc**  
Ropemaker Place  
25 Ropemaker Street  
London EC2Y 9AJ  
United Kingdom

**MPS Capital Services S.p.A.**  
Via Pancaldo 4  
50127 Florence  
Italy

**The Royal Bank of Scotland plc**  
135 Bishopsgate  
London EC2M 3UR  
United Kingdom

**UniCredit Bank AG**  
Arabellastrasse 12,  
81925 Munich  
Germany

**LUXEMBOURG LISTING AGENT**  
**Deutsche Bank Luxembourg S.A.**  
2 Boulevard Konrad Adenauer  
L-1115 Luxembourg